

Current History

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FEBRUARY, 1973

LATIN AMERICA, 1973

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Current History

February, 1973

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In this issue, seven articles focus on the continuing crises, the economic problems, and the role of the military in the nations of Latin America. As our introductory article points out, with regard to Argentina, "After 17 years of alternating constitutionally elected Presidents, coups and military Presidents, Argentina finds herself at the brink of a new era. . . . Now, the military appears to be willing to delegate the conduct of the affairs of state to the civilian sector through a process of constitutional normalization."

Crisis in Argentina

BY JULIO A. FERNÁNDEZ

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ON SEPTEMBER 19, 1955, after nine years of rule, the government of General Juan D. Perón was overthrown by a military coup d'état. This coup ended an era that has been called dictatorial by some Argentines, democratic by others, and a nightmare by many. The post-Perón years have seen a virtual parade of men marching through the Casa Rosada. During a "normal" 17-year period, the country would have had a maximum of three Presidents (the Argentine Constitution calls for the President to be elected every six years, with no re-election); but Argentina has had eight Presidents, and only two of these were duly elected. These Presidents have run the gamut from very able statesmen to military dictators.

General Alejandro Lanusse, the current military President, has inherited a country whose citizenry is becoming increasingly embittered because of political instability, fearful of the terrorists and frustrated with the economic situation. In his two years in the Casa Rosada, Lanusse has not been able to find a solution for the problems facing Argentina. And perhaps there are no hard and fast solutions. Some analysts have said that the problem lies in Argentina's economic base: that the country has not met her responsibility to industrialize. Others contend that the problem lies in the political process of the country: that the civilian Presidents have had to operate in the shadow of the military; one step out of line and they are gone. The classic answer for Argentina's current

state of crisis, however, is to blame the problem on peronism: that is to say, Perón should be blamed for the unbalanced economy and political instability of the country.

It is possible to make a case for all of the above statements, but would their solution alone alleviate Argentina's malaise? President Arturo Frondizi, for example, tried to diversify the economy of Argentina, and was successful in many of his attempts to control inflation; but when his attempt to include the peronists in the elections of 1962 was also successful, the military stepped in and Frondizi was overthrown. President Arturo Illia, although unsuccessful in his economic programs, also tried to reincorporate the peronists into political life and met with the same fate as Frondizi.

Since Perón's ouster in 1955, the military has spent a good deal of time and energy attempting to "reeducate" Perón's followers by banning all mention of his name. Except for a brief period in 1962 and 1965, the peronists have been excluded from any participation in the decision-making process. They have, instead, had to resort to their only other weapon—their physical strength through organized labor—in order to have some voice in politics. The situation, then, has come to this: Perón, while in exile in Madrid, continued to control the peronists and, in some respects, the political life of Argentina. From his exile, Perón manipulated provincial elections; overthrew labor leaders; and stipulated his own 10-point pro-

posals to the military for his return to Argentina which was effected in November, 1972. In Argentina, meanwhile, the military continued to verbalize the need to return to democratic institutions while continuing to resist the peronists' attempts at participation and representation in these institutions.

PERONISM AND POLITICAL PARTIES

Immediately after Perón's ouster, the government dissolved the peronist party and outlawed political activity on the part of its followers. Many political analysts feel that other Argentine parties, especially the Radicals, could have integrated the peronists into their ranks at that time and helped to give the country new direction. Instead, the Radicals were themselves deeply divided, with some of the division caused by a clash over what to do with the peronists.

Others felt that the Christian Democratic party would emerge as a strong force in Argentina's politics after Perón's overthrow, but for one reason or another, it has not caught on in Argentina as it has in other Latin American countries. For one thing, the party has had internal differences over whether it should make overtures to the peronists.

Until the rise of Perón in 1946, the Socialist party was the main political spokesman for the labor movement. But this party has also been caught up in the splintering process, and since Perón's exile it has not been able to woo the labor movement back to its camp. The Communist party in Argentina, an offshoot of the Socialist party, received a great deal of publicity after Perón's ouster, but was unable to tempt the peronists to join its ranks.

The peronists, even after 17 years of absentee leadership, have not only been able to withstand the temptation of incorporation into other political parties, but also the pressure of the military which has attempted to weaken their ranks. The peronists want nothing to do with any other political party, feeling that their own party and ideology are much better equipped to meet their needs. They have at various times in the last 17 years resorted to alliances with other parties, but in general they have kept their allegiance to the peronist party and Perón. Far from growing weaker with the years, the peronists have grown in numbers and have attracted the support of groups which heretofore were considered anti-peronist.¹

Underlying the success of the peronist movement in Argentina is the Justicialist party. Perón is the head of the Justicialist party, which is the legal arm of the National Justicialist Movement. Peronists are expected to belong to the party to certify their identity

as peronists. Through its "open door" policy, the Justicialist party strives to be as inclusive as possible, encouraging other civic or political groups to join its ranks. This "open door" policy is exercised very effectively through political *frentes* or fronts.

The idea of political front formations, or *política de opción*, is regarded by some observers as the Argentine alternative to a two-party system. The political front arrangement has been used effectively both as an anti-peronist coalition in the 1965 elections in San Juan province, and as a pro-peronist coalition in the 1965 elections in Posadas, capital of Misiones province.² The *frente* arrangement is not an attempt to consolidate the ideologies or attitudes of the particular political parties in the coalition, but is a temporary arrangement whereby one or two specific objectives are realized.

Since the announcement of elections to be held in March, 1973, several political fronts have emerged. One front, the *Frente Cívico de Liberación Nacional* (National Civic Liberation Front, FCLN), works to incorporate those groups who share the peronist philosophy of national liberation. It was the initial objective of the FCLN to bring together all the popular political movements which opposed the Lanusse government. The goal has not yet been realized, however, because it has been difficult to integrate all those parties which oppose the actual military government in Argentina. For example, the parties of the left, like the Socialists, the Communists, and the Christian Revolutionary parties, have opted to remain aloof from the FCLN. Even the Radicals refused to join this *Frente*.

Still another front, *La Hora del Pueblo*, incorporates the peronists and the Radicals. If these two groups were successful in agreeing on a single candidate, this *frente* would comprise approximately 70 per cent of the entire Argentine electorate. As of this writing, Perón had not made known his wishes as to which front, if any, the Justicialists should support.

THE ARGENTINE REVOLUTION

When President Illia was removed from office in June, 1966, the military assumed power under the banner of an Argentine Revolution which was "to bring about the rapid achievement of national unity and modernization for the country." During the past six years of the Argentine Revolution, three successive army generals have attempted to rehabilitate the country, economically and politically. General Juan Carlos Onganía, who took office after the ouster of President Illia, made some progress in the field of economics by slowing down price increases and opening up the mining industry to foreign as well as domestic capital. Similar progress on political problems, however, was not even attempted by General Onganía. Instead, Onganía considered his presidency irrevoca-

¹ The universities, which were the center of the opposition to Perón in the 1950's, now find that the majorities in student organizations are peronists. See *The New York Times*, August 20, 1972.

² Julio A. Fernández, *The Political Elite in Argentina* (New York: New York University Press, 1970), p. 48.

ble and repeatedly stated that there would be no elections or return to "politics as usual" for a long time, perhaps as long as ten years.

In June, 1969, the military, under the direction of General Alejandro Lanusse, went to Onganía to ask that a political plan be effected immediately in order to halt the rising resentment throughout the country. When Onganía responded by relieving Lanusse of his command, the military removed Onganía from office and named General Roberto Levingston as President.

General Levingston's economic policies were the reverse of Onganía's generally austere policy. Levingston moved toward a program designed to force economic growth even at the cost of renewed inflationary pressure. Levingston's political promise that the country would "return to democratic normalcy" and that he would permit the political parties to function did not, however, include the participation of the peronists. The military leaders were still convinced that they alone could eliminate the political and economic problems of the country—if only they could find a way to restore democratic normalcy while disenfranchising one of the largest political groups in the country.

By March, 1971, the Argentines were openly angry at the political and economic crisis the country was facing. They were no longer able to accept changes in government as a "military affair." Faced with still another crisis on their hands, the military, again led by General Lanusse, removed Levingston, and Lanusse assumed the presidency.

ECONOMIC POLICY OF LANUSSE

Upon taking office, Lanusse pledged "to create the indispensable conditions for the full reestablishment of democratic institutions in a climate of liberty, progress and justice." In his two years in office, General Lanusse has had no real long-term economic policy, but rather has been more interested in "patching up the bigger holes" until elections in March, 1973. One of his major economic decisions was the forced resignation of the Minister of Economy, Aldo Ferrer. Ferrer, who was Levingston's Minister of Economy, was considered by many Argentines and foreigners alike to be the "man of the future." As it turned out, the Argentine economy was virtually falling apart even as progress reports and programs for Argentina's future were coming from Ferrer's office. Lanusse asked for Ferrer's resignation and personally undertook the job of finding a solution to the economic crisis.

In April, 1972, Lanusse announced a 15 per cent wage increase effective June 1, on top of a 15 per cent wage increase decreed in January of that year.

This wage increase was seen as a concession to labor and the consumer; but was opposed by Lanusse's Finance Minister, and the Navy and Air Force Commanders. Economic specialists also warned Lanusse that inflation was already too high and that his policies could lead to an erosion of investment.

By mid-1972, Lanusse was faced with an inflation of 60 per cent—the highest in the world; a cost of living that had risen over 25 per cent in the first four months of 1972, and a budget deficit for 1972 at close to 5.7 billion pesos, or U.S. \$570 million.

In a major address in September, 1972, Lanusse defended his economic policy by stating that the policy was not intended to be a "program of simple palliatives for the problems of the hour. . . ." and that institutional normalization of the Republic is a prerequisite for a stable economic policy which the government has not been able to realize because of "small groups who do not believe in democracy." Lanusse placed the blame for the economic crisis on the lack of continuity and coherence "in plans and measures attributable to political factors."³ He admitted, however, that

inflation has reached levels that distort creative efforts; that unemployment shows worrisome signs; that the danger of economic recession could endanger expansion and progress; and that it is imperative to resolve the housing problem, especially in the great urban centers.

He insisted that

the new decisions of the government not only rest on technical rigor, but also stem from the premise that no economic plan reaches its proposed economic objectives if it does not take into account the consensus of the great majority.⁴

In order to resolve the institutionalization crisis and to bring all sectors of the country into the decision-making process, the Lanusse government has proposed a *Gran Acuerdo Nacional* (Great National Agreement, GAN). Lanusse envisioned this agreement as an avenue for dialogue among the major political forces to arrive at a meeting of minds on the political ways and means to create a stable political environment for the country. The government viewed GAN as a positive approach to healing the wounds of the citizenry and integrating representative groups into a viable political process.

The major parties and other political groups, however, do not view GAN in this light. Already frustrated and alienated, these groups tend to have a defeatist attitude toward programs intended to create national unity or accord among diverse, recalcitrant sectors. Their attitude of frustration toward Lanusse's government stems from the Constitutional Reform the Lanusse regime has effected without calling a Constitutional Convention.

CONSTITUTIONAL REFORM

The purpose of the Constitutional Reform (or Fun-

³ *La Nación*, September 25, 1972.

⁴ *Ibid.*

damental Statute), according to the government, is "to restore national sovereignty and to ensure a representative, authentic, stable democracy" to the Argentine nation. Among the more salient reforms in the statute are the following: The President and Vice President of the Republic, as well as members of the national Senate, will be elected directly by the citizens. Provincial and national authorities elected simultaneously shall serve a four-year term of office. The numbers of Senators per province is increased to three.

The Fundamental Statute will remain in effect until May 24, 1977, and can remain in effect until May 24, 1981, unless a Constitutional Convention decides to incorporate the reforms into the constitution or to revoke them before August 24, 1975.

THE RETURN OF JUAN PERÓN

Another important factor in the military's scheme of institutionalization is the recent return of Juan Perón to Argentina. Since General Lanusse's announcement legalizing Argentine political parties and his plans for elections in March, 1973, he has reiterated his determination to let the peronists participate in these elections. More recently, Lanusse invited Perón to return to Argentina to help heal divisiveness among the citizenry. Peron returned November 17.

Then, on December 14, 1972, just 28 days after he had arrived, Peron flew to Paraguay on his way back to Madrid. His departure left the country as confused as did his arrival. In a statement which, at his request, was read after this departure, Peron refused the presidential nomination offered him by the Justicialist Movement and 15 smaller political parties allied with it. After Peron's departure, the coalition met again and nominated his personal representative, Dr. Héctor Cámpora, for President and Vicente Solano Lima for Vice President. Dr. Cámpora's nomination met with strong opposition among many of the labor leaders in the peronist ranks who walked out of the convention in protest. Many observers felt that by declining the presidential nomination Peron was yielding to pressure by the military government that has disqualified his candidacy under the requirement that all presidential candidates be residents in Argentina by August 25, 1972.

There is yet another critical issue which could hinder the military's plan for institutionalization and the return of political and economic stability to Argentina. There has been a growing wave of terrorist activity in Argentina during recent years, geared to

discrediting the Lanusse government. It is this activity and the military's handling of terrorist activities which has the Argentine citizenry concerned. A 1971 issue of *Visión* magazine on political terrorism cited five distinct guerrilla groups working in Argentina.⁵ The largest of these guerrilla groups, the Marxist ERP (Ejército Revolucionario del Pueblo), reportedly has direct connections with the Uruguayan Tupamaros. The ERP is said to be responsible for the majority of bank robberies and armed assaults during the past two years, including the killing of General Juan Carlos Sánchez, and the kidnap-murder of Fiat General Manager Oberdan Sallustro.

In August, 1972, the government began televising anti-terrorist programs. The first program described the assassination of General Sánchez in Rosario, and was narrated by the general who succeeded him as garrison commander. The second telecast told how the federal police had uncovered an urban guerrilla hideout and foiled an attempt to assassinate another general. Still another program told how 25 terrorists had escaped from the Rawson maximum security prison in Patagonia on August 15, 1972.

The aftermath of the Rawson jailbreak is felt to be the real threat to the military's credibility and to elections in March. After the jailbreak, six guerrillas escaped to Chile and eventually to Cuba. The remaining 19 surrendered at the Trelew Naval Air Base in the southern section of Argentina. According to government officials, on August 22, the guerrillas attempted a mass escape and were shot—16 fatally. However, the story of the three survivors, now circulating by word of mouth, is markedly different.

The survivors, through their lawyers, claim that the guerrillas were constantly provoked and, according to one account,

forced to do press-ups unclothed, while guards taunted them and sexually taunted the women prisoners. And all claim that the guards opened fire with machine guns after the nineteen prisoners were lined up outside their cells.⁶

On August 22, the day the guerrillas were shot, the military government issued a new clause for the penal code restricting the media from quoting "subversive sources" and establishing sentences of six months to three years in jail for editors who so quote. Government spokesmen reasoned that they are at war with

(Continued on page 85)

Julio A. Fernández' professional interests include comparative government and international relations, with special emphasis on Latin American politics. In 1966, he was awarded an O.A.S. Fellowship for study in Argentina. His recent publications include *Political Administration in Mexico* (Boulder: University of Colorado Bureau of Governmental Research and Service, 1969) and *The Political Elite in Argentina* (New York: New York University Press, 1970).

⁵ The five guerrilla groups are: The Montoneros, considered a peronist Catholic leftist organization; the Castro-oriented Fuerzas Armadas de Liberación (FAL); the Fuerzas Armadas Revolucionarias (FAR), also peronista; the Fuerzas Armadas Peronistas (FAP); and the Marxist Ejército Revolucionario del Pueblo (ERP). *The Visión Letter*, July 21, 1971.

⁶ *The New York Times*, September 17, 1972.

"The military considers itself the defender of Brazil's national security and the guardian of her national mission. That view, tinged by suspicion of the greedy private sector and the massive inroads made by foreign capital, may conceivably lead to more nationalistic policies under an authoritarian framework."

Brazil at the Crossroads

BY ROBERT M. LEVINE

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IN APRIL 1973, BRAZIL'S "REVOLUTIONARY" military government will enter its ninth year. Already it has achieved a longevity exceeded in modern times only by Getúlio Vargas, in and out of power as chief of state during a total of 20 years between 1930 and 1954. Whether the present regime collectively will surpass Vargas' record remains to be seen. Official plans, at any rate, call for presidential elections in 1974, although the President himself holds discretionary powers to modify or cancel the election schedule. Present indications suggest that Brazil's military leaders, hostile to the prospective return to open political debate, will opt for a closed process of selection, leaving the choice of the next President to the armed forces high command, subject to technical ratification by the dutiful federal Congress.

Recent statements by Senator Felinto Müller, the majority leader of the official pro-government party, the Aliança Renovadora Nacional (ARENA), hint that national elections will not be held in 1974. Müller, who was Vargas' chief of police during the fascistic *Estado Novo* (1937-1945), suggested early in 1972 that a gradual return to civilian government would be permitted; but later in the year he reversed his stand, stating publicly that the "principal virtue" of his party would continue to be "obedience," and that attempts to discuss the presidential succession would be inappropriate.¹

Government officials have not been insensitive to the question of the restoration of democracy. A 1971

Rand Corporation study² which speculated that the Brazilian military might remain in power until the year 2000 widely irritated Brazilian authorities, who have taken pains, especially outside of Brazil, to affirm the transitory nature of their authoritarian regime. In any event, not only will 1973 reveal the probable direction of Brazil's future political evolution, but it may signal the beginning of a critical "fourth phase" of the post-1964 "revolution." In this phase, the armed forces may well establish a more nationalistic framework of military control, limiting the "partnership" between military and private interests, both domestic and foreign, which marked the "third phase," which spanned the period between December, 1968 and the end of 1972.³

"PHASE THREE"

Despite President Costa e Silva's earlier pledge to "humanize the revolution" after assuming office, anger over vocal dissidence from a minority group of congressmen—one of whom, Márcio Moreira Alves, allegedly insulted the honor of the armed forces (and publicly accused the government of the use of physical torture against political prisoners)—prompted the government to decree, on December 13, 1968, Institutional Act Number Five, a repressive law which closed federal, state and municipal legislatures, suspended the constitutional right of *habeas corpus*, and set the stage for mass detentions of persons suspected of subversion under the act and the Revised National Security Law of March, 1969.

Rising incidents of political kidnapping, hijackings, and terrorist acts committed by militant followers of Carlos Marighela and ex-Captain Carlos Lamarca exacerbated tensions, as authorities pressed their campaign of political repression. Nearly 100 federal legislators were purged, as were three justices of the Brazilian Supreme Court and numerous civil servants and university professors. In the aftermath of the abduction of United States Ambassador C. Burke Elbrick

¹ *Latin America* (London), Volume VI, No. 11, March 17, 1972, p. 87.

² Alfred Stepan and Luigi R. Einaudi, "Latin American Institutional Development: Changing Military Perspective in Peru and Brazil" (Santa Monica: Rand, 1971).

³ The first phase occurred during the period between the removal of President João Goulart by the armed forces in March, 1964, and Castelo Branco's retirement in 1966 as chief of state. "Phase two" culminated with the promulgation of Institutional Act Number Five in December, 1968. See H. Jon Rosenbaum in *Current History*, February, 1970, pp. 73 ff.

(who was released in exchange for 15 imprisoned students and militants), the government issued Institutional Act Number Fourteen, which imposed the death penalty for "psychological warfare and revolutionary or subversive activities against the state."⁴

After the incapacitation of President Costa e Silva by a cerebral hemorrhage in August, 1969, the military's unwillingness to permit a civilian to accede to the presidency even temporarily led to the suspension of the constitution and the seizure of control by the chiefs of the three armed services. In consultation with the supreme military command, they chose General Garrastazú Médici, the former head of the Brazilian Security Agency (S.N.I.), as Chief of State. In his first public statement, Médici declared his intention to restore democracy by the completion of his term of office. In May, 1970, however, he changed his mind, stating that the military government would remain in power "as long as it might take to implant the political, administrative, juridical, social, and economic structures capable of raising all Brazilians to the minimum level of well-being."⁵

STRICTER MILITARY CONTROL

The turn to stricter political control after December, 1968, reflected the military's continuing disillusionment with seemingly inept and corrupt civilian politicians, and its firm belief that economic growth, made possible by foreign confidence in Brazil's stability, must be given precedence over social justice. By late 1971, urban terrorist activities subsided, the result of the fragmentation of the guerrilla movement after the deaths of Marighela and Lamarca. In turn, authorities relaxed the campaign of repression which had raised cries of protest abroad, but refused to relax the strict censorship of the press and media. When these regulations were intensified in September, 1972, a break occurred between the government and one of its most powerful former defenders, *O Estado de São Paulo*. In a telegram to the Justice Minister, the newspaper's publisher unleashed a stream of pent-up anger at the erosion of press freedom, comparing Brazil "to the condition of a little banana republic, or some kind of Uganda, by a government which has lost its reason," and charging that the Médici regime had "abandoned the course set for it by its greatest leader, Marshal Castelo Branco," and embarked "on

a course of military dictatorship of a kind which is out of fashion even in the Spanish-speaking republics of America."⁶

To its supporters, and particularly to the international business community, these issues stand as necessary annoyances which permit Brazil to achieve economic development and strive toward her stated goal of becoming a world power. Under the post-1968 "third phase," the regime has initiated a wide variety of programs, including massive highway construction designed to link Brazil to each of her South American neighbors by 1973, the industrialization of the underdeveloped northeast, expanded facilities for higher education, especially in technical subjects, and economic growth under a new "Brazilian model," based upon neutralizing inflation, promoting exports, encouraging private investment, increasing national savings and maintaining foreign confidence.

The record has been impressive, although doubts can be raised regarding the significance and the social costs of the gains to date. Economic progress, while dramatic, has not affected the country evenly, either in terms of regional growth (the urban centers of the south have fared best) or in income distribution. In short, the rich are getting richer and the poor are getting poorer. While the overall growth rate in 1971 was announced at 11.3 per cent and the per capita GNP rose an estimated 6 per cent, real wages for the majority of the population fell by 38 per cent between 1964 and 1969, although for the tiny percentage of university graduates they have risen by approximately 50 per cent in a comparable period.⁷

It must be noted that Brazil lacks national statistics: the "general index" computed monthly by the Getúlio Vargas Foundation, according to which economic growth is measured, is based on a weighted combination of wholesale prices, the cost of living, and building costs in the state of Guanabara. Inflation has been limited to a rate of 20 per cent per year, compared to astronomical annual levels, occasionally exceeding 100 per cent, prior to 1964. But for most wage earners—particularly outside the highly developed Rio de Janeiro-São Paulo-Minas Gerais triangle, the gap between the rising cost of living and real wages has not been bridged by "national" economic progress.

OPENING THE INTERIOR

In a talk at Columbia University in October, 1972, ex-President Juscelino Kubitschek—still stripped of his political rights at home—praised the current regime's economic policies, suggesting that the "revolutionary" government's efforts to attract foreign investment and to open the Brazilian hinterland represented the culmination of programs initiated under his own presidency from 1956 to 1961. In any case, the military has harvested extensive mileage from its

⁴ See Alistair Hennessy, "New Radicalism in Latin America," *Journal of Contemporary History*, VII, No. 1-2, January-April, 1972, pp. 18-21.

⁵ Cited by Rollie Poppino, in *Current History*, February, 1971, p. 104.

⁶ Telegram, Júlio de Mesquita Filho to Alfredo Buzaid, cited in *Latin America*, VI, No. 39, September 29, 1972, p. 310. Only one newspaper, *Pôrto Alegre's Correio do Povo*, attempted to publish it, but its offices were occupied by police before the issue could be printed.

⁷ *The Economist* (London), September 2, 1972, "The Moving Frontier: A Survey of Brazil," pp. 34-37; *Veja e Leia* (São Paulo), April 29, 1970.

dramatic program of highway construction, the symbolic (and effective) key to its goal to achieve meaningful national integration and *de facto* Brazilian presence in remote frontier regions.

In October, 1972, President Médici inaugurated the first 1,200-kilometer section of the Trans-Amazonian highway between Estreito in Maranhão and Itaituba in the center of the state of Pará. When completed, the highway, which Brazilians claim will be visible to the naked eye from the moon, will link the Atlantic coast with the Peruvian town of Pucallpa by a concrete roadway 30 feet wide, allowing vehicular speeds up to 60 miles per hour. The federal government has also accepted bids on other roads, including a planned coastal highway between Rio de Janeiro and Santos, to be financed by a \$40-million loan from the Inter-American Development Bank and another \$95 million from the federal highway agency, the DNER.

Highway construction has provided jobs, including temporary work for thousands of destitute drought refugees during 1970–1971 who were briefly organized into work gangs as a form of welfare employment. Indigenous tribes residing in the path of the new highways will be relocated on federal reservations, not only to preserve their way of life (their numbers have been savagely depleted by the penetration of civilization and alleged acts of systematic extermination which created an international furor in the late 1960's) but to allow for the transfer of as many as one million initial settlers. These families will be placed in new "agrovillages," supervised by military authorities, in the regions opened up by the Trans-Amazon road. Ironically, the dramatic industrialization of the northeast under government incentives has failed to provide employment, since most of the investment has been capital-intensive; some critics suggest, perhaps not unfairly, that the decision to construct the Trans-Amazon indicates evidence that authorities have given up on SUDENE, the northeast's development agency, and are seeking a safety valve for the region's surplus population.

Skepticism persists in other areas as well. Ecologists warn that the destruction of the Amazon rain-forest may alter the world's climate within a generation and threaten its oxygen supply within a century. The Brazilian delegation to the United Nations conference on the environment in Stockholm in June, 1972, actively opposed proposals for international restrictions on pesticides and other ecological measures on the grounds of national sovereignty, an argument rejected by the congress almost unanimously. Agronomists point out that unless the new settlers of the Amazon adopt rational agricultural methods, they

will exhaust the soil after one or two crops have been cultivated. The F.A.O., in fact, has refused to cooperate with the Brazilians as long as current plans for agricultural development are retained. Some of the best land bordering the highway has already been purchased by speculators, including Bradesco, Brazil's largest private bank. Mineral ores to be extracted from the region will not be processed locally, but will be shipped to the south or exported abroad: foreign companies which acquired mineral rights after the federal government in mid-1972 suddenly reversed its traditional policy restricting such arrangements include United States Steel, Alcoa, Hannah, and Bolivia's Patiño interests. This promises to preserve the dependency of this vast territory, which comprises 59 per cent of Brazil's land area but accounts for only 8 per cent of its population and 4 per cent of its national income.

THE ARMED FORCES

Brazil's military establishment, the backbone of the "revolution," has not remained a static force; rather, major changes have occurred in the relatively short period of time since 1964. Although the military's budget stands relatively low on a per capita basis, the armed forces have received extensive military aid from the United States, and are currently attempting to diversify equipment, with recent major purchases ranging from a \$20-million Australian anti-submarine system to French *Roland* ground-to-air missiles. The Brazilian Air Force, seeking to establish its autonomy from the other two services, is completing a major effort at modernization, topped by an order for 112 "Xavante" fighter-bombers under Italian license and 16 Mirage III aircraft; pilots have also received training in the use of napalm.⁸

A carefully planned modification of the military's career structure carried out under President Médici has already produced results; its impact may be far-reaching. In order to speed promotions of younger officers and avoid top-heavy concentration in the upper ranks, the military command has ordered that officers must retire at 66, or after four years in the same post. As a result, many generals who rose to power after 1964 with Castelo Branco and Costa e Silva are leaving the service, some to accept lucrative jobs in private industry, but in any event, strengthening the hand of President Médici, who by late 1972 had appointed six of the ten generals in the army's high command.

Most of the newly promoted figures appear colorless in comparison to the "hard line" colonels and generals who seemed to dominate the early phases of the "revolution." Their replacements, in contrast, seem to have been chosen for their anonymity, their administrative competence, and their professional dedication to the armed forces. The highest military

⁸ *Jornal do Brasil* (Rio), October 18–19, 1970, p. 1; *Latin America*, VI, No. 41, October 13, 1972, pp. 324–25.

officials remain almost entirely outside public view. Speculation on whether General Médici will seek "reelection" is forbidden, although observers perceive a low-keyed struggle developing between potential backers of Médici and supporters of General Ernesto Guisel, brother of the Minister of War, Orlando Guisel. Some suggest that Médici personally favors an active role for the military in social change, but that he is waiting to consolidate his own power and the retirement of older officers who might raise opposition.⁹ If Médici himself does not run for a second term as President, two other highly regarded officers reputedly are waiting in the wings, General Fontoura, Médici's own successor as chief of the government's security agency, the S.N.I., and Dr. Leitão de Abreu, the head of the *Casa Civil*.

CRACKS IN THE FACADE?

During 1972, a number of problems have come to light, marring the image of optimism and progress which the regime has cultivated. The stock market, driven up during a frenzied 18-month boom, reached a peak index of 5,280 in June, 1970. Thousands of middle class Brazilians, lured by tax incentives and get-rich-quick schemes, joined the bandwagon, only to find the market reversing itself, reaching a low of 1,280 in August, 1972. In the wake of the debacle came the dismissal of the presidents of the São Paulo and Rio de Janeiro stock exchanges (for alleged "short" selling), rumors of mismanagement and misappropriation of public funds, and the near downfall of Treasury Minister Antônio Delfim Neto and Justice Minister Alfredo Buzaid. The seriousness of the matter prompted the government's decision to intensify press censorship, adding unfavorable discussions of economic matters to the list of previously proscribed themes.

In the area of education, substantial gains in university-level enrollment—from 92,000 places in 1961 to nearly 650,000 in 1972—have been made, supervised since 1969 by the no-nonsense Education Minister, Colonel Jarbas Passarinho. On the other hand, restrictions on student activity continue, intensified after mass student protests in the late 1960's; professors considered politically or pedagogically independent have been prematurely "retired," and tuition costs for many university students have been rising. Despite well-intentioned programs to reduce illiteracy among the general population, 35 per cent of all Brazilians cannot read or write. Primary school openings grew from 9.3 million in 1963 to only 13.3 million eight years later, a modest increase, considering Brazil's annual population growth rate of 3 per cent.

Relations between the government and the Catholic Church worsened in mid-1972 over the issue of a hunger strike among 36 political prisoners, three of them Dominican priests, in São Paulo's Tiradentes penitentiary. The church has tended to support the military regime, although hundreds of priests and nuns have opposed it; some were implicated for having assisted urban terrorists, and one archbishop, Dom Helder Câmara, considered a renegade by the church hierarchy, has spoken out sharply against the government outside Brazil.

The hunger strike provoked a confrontation between Evaristo Arns, Archbishop of São Paulo, and the commander of São Paulo's Second Army, who refused permission for Arns to visit the prison in the sixth week of the strike, although permission had been granted by Justice Minister Buzaid. In protest, Arns asked Brazilian Catholics to pray and fast in behalf of the prisoners, an act highly embarrassing to the government. The issue was finally resolved, but only after it had left a residue of bitterness and anguish.

Industrial gains, accompanied by rising exports of manufactured goods to neighboring Latin American countries, the United States and Europe, buoyed confidence in the regime, but raised questions concerning the capacity of the domestic market to absorb consumer goods and the efforts of industrial modernization to produce selective unemployment, especially among older workers. The steady stream of migration from the impoverished northeast to the prosperous south, a problem which has persisted for decades, has acted to depress the labor market and has created potentially dangerous social tensions as the gap between skilled and unskilled labor lengthens.

Brazil's thriving automobile industry, almost entirely foreign-owned, is gearing production patterns so that parts will be assembled in Brazil, then shipped abroad, taking advantage of Brazil's low industrial wage scale and guaranteed labor stability, but, in the long run, yielding limited advantages for the Brazilian worker. Foreign investment, topping one and one-quarter billion dollars in 1971 (the three largest investors: the United States, Canada, and West Germany) dominates 40 per cent of the capital market, 62 per cent of foreign trade, over 80 per cent of pharmaceuticals, 90 per cent of cement, and 100 per cent of motor vehicle and tire production.¹⁰

There is growing reason to believe that high government officials, military as well as civilian, are becoming dissatisfied with the inability of the economic

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⁹ *Latin America*, VI, No. 14, April 7, 1972, p. 111.

¹⁰ Richard Barnett, "Letter from Rio," *Harper's*, Vol. 245, No. 1468, September, 1972, p. 21.

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"Presumably, both Allende and the military hope that after the elections of March, 1973, the army can return to its barracks; until then it has an important role to play as guarantor of free and calm elections."

Problems in Allende's Chile

BY ALAN ANGELL

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OCTOBER AND NOVEMBER, 1972, saw Chile's President Salvador Allende Gossens facing his most severe crisis so far. For over three weeks, many sectors of the commercial and professional middle class had been on strike. A proposal to nationalize transport services in Chile's far south produced a nationwide strike of 40,000 lorry owners and drivers, supported by small shopkeepers, engineers, doctors and other professional groups. The strike is estimated to have cost Chile something between U.S. \$100 million and \$150 million. Twenty provinces were placed under a state of emergency, and a mid-night curfew was declared.

Allende's response to this challenge was to involve the military much more heavily in the governing of the country, though not without opposition from the left of his own Socialist party and from the Movement of the Revolutionary Left (MIR). Following the resignation of the Cabinet (four members of which were to face impeachment proceedings mounted in Congress by the Christian Democrats), three senior military officers were appointed to ministerial posts. The Commander-in-Chief of the Army, General Prats, became Minister of the Interior, responsible for maintaining law and order under increasingly difficult circumstances. His appointment made him in effect the next most powerful minister after Allende; there is no Vice President in the Chilean system. Air Force General Claudio Sepúlveda Donoso became Minister of Mines, where he faced the problem of mounting costs and the strongest trade union in Chile, the Copper Workers Confederation. To complete the symmetry, Admiral Ismael Huerta Díaz was appointed Minister of Public Works.

¹ Most of the data in this section are taken from two publications of the *Instituto de Economía* of the University of Chile. One, published by a group sympathetic to Allende, is entitled *La Economía Chilena en 1971*; the other, published by a more critical group, is called *Comentarios sobre la situación económica; primer semestre 1972*. It will be interesting to see what Allende's supporters write about 1972; their 1971 volume, quite rightly, points to the great changes Allende has brought about in the structure of the economy.

Although this aspect of Allende's Cabinet reshuffle attracted most attention, it is also important to note the involvement of leaders of Chile's major union confederation, the *Central Unica de Trabajadores* (the CUT), in the Cabinet. The President of the CUT, Luis Figueroa, a prominent Communist trade union leader and deputy, was appointed to the Ministry of Labour. And the Secretary-General of the CUT, Rolando Calderón, a Socialist peasant leader, also entered the Cabinet—perhaps the first authentic *campesino* to achieve such a position.

Chile is no stranger to odd political combinations, but a Marxist President simultaneously involving the military and the union movement with his multi-party coalition, the *Unidad Popular* (UP), in an attempt to preserve law and order and to halt the process of inflation, is a highly original formula. What brought about this situation?

The most important economic indicator in Chilean politics is the rate of inflation. In the first nine months of 1971, Allende's government had reduced it to a respectable 14 per cent; but in the first nine months of 1972 the rate had leapt to 100 per cent. By the end of 1972, it will probably be nearer 140 per cent—150 per cent, a record for a country where inflation has been endemic. The government, in line with its aim of defending the interest of the working class, brought forward by three months the usual readjustment of wage levels to take account of inflation, and in October declared a wage increase equivalent to the increase in the cost of living. The government hopes that some of this will be used for savings; but realistically it is difficult to see how it will do anything other than fuel the inflationary process. This will weigh heavily on the UP coalition as it goes to the congressional elections in March, 1973.

No one doubts the seriousness of the present situation. Allende himself has declared that the economy is on a war footing. It is not difficult to produce the figures which underline the gravity of the present situation, in contrast to the rather encouraging economic performance of 1971.¹ The Gross National Product

rose by 7 per cent–8 per cent in 1971, partly because very considerable unused industrial capacity was brought into production following increased demand as Allende's government substantially improved the real wages of the working class. All the signs are, however, that the rise in 1972 is likely to be only half that of the previous year—industrial production, which rose by 14 per cent in 1971, registered a much smaller increase in 1972. The boom in the construction industry in 1971 has slackened as the building program of the public sector has declined.

The failure of the economy to respond to increased demand is most clearly marked in the agricultural sector. In 1971, Chile exported U.S. \$7-million less in foodstuff than in 1970, but imported U.S. \$136-million more. The total import bill for food in 1972 is likely to rise to a colossal U.S. \$400 million, not far short of the likely deficit in the balance of payments. To put it another way, 35 per cent of the import capacity of Chile goes for foodstuff that could be produced locally. Yet these figures overstate the economic mismanagement of the government, for Chile is also the victim of the high price of food, especially beef and wheat, on the world market. A great deal of the rise in the import bill is absorbed in higher prices, not in extra quantities of imports. Chile has suffered similar misfortunes in respect to copper prices. In 1969, the world price of copper was 69 U.S. cents per pound; in 1971, it was only 49 cents per pound. So although production of the large mines went up by 7 per cent in 1971 over 1970 (when production had fallen over 1969 because of initial difficulties involved in the nationalization process), Chile's foreign earnings were sharply curtailed. The previous balance of payments surplus of the Christian Democratic government was due to high copper prices, not better economic management.

The impact of high food prices and low copper prices shows up in the balance of payments figures. A surplus of U.S. \$91 million in 1970 became a deficit of U.S. \$311 million in 1971. And the export figures for the first six months of 1972 show a 20 per cent fall over the 1971 levels.² These figures acquire sinister potency in the light of Chile's enormous foreign indebtedness—once again a legacy of previous governments and not the product of the policy of the UP government. Chile faced repayments of U.S. \$1,400 million in the six-year period of Allende's presidency. Faced with the hostility of the United States government, and backed only by slender international reserves of U.S. \$30 million, Allende's economic team pulled off something like a diplomatic coup in persuading the group of international creditors known as

the Club of Paris to renegotiate part of that debt repayment. Yet for 1972 there still remains U.S. \$490 million in amortization and interest repayments. Soviet credits have been forthcoming. In 1971, Chile received the equivalent of U.S. \$97 million (repayable over ten years at 3 per cent interest); and in 1972 so far there have been short-term credits of U.S. \$50 million in hard currencies as well as other credits tied to Soviet products.

But that still leaves an enormous gap. The problem has been intensified by the hostile action of the Kennecott Copper Corporation, still determined to get compensation for its assets nationalized by the government. Because of a challenge to the right of the government to sell copper in Europe, the French judiciary has been brought into the debate on the ownership of a shipload of copper recently delivered to France. Whatever the outcome, the affair has increased the state of anxiety prevailing about the Chilean economy and, more seriously, has held up several important credits allocated to Chile by international agencies.

ECONOMIC SOLUTIONS?

Clearly, Allende's long-term economic strategy is in jeopardy unless he can devise some solutions to the short-term problems. But it is difficult to see what he can do. Take the balance of payments problem, for example. He might try to obtain more short-term credits, but this is difficult, given the hostility of the United States, and would increase the problem, already enormous, of future repayment. Defaulting on repayments has been advocated on the extreme left, but Chile still needs credits and markets outside the Soviet bloc. Perhaps imports could be severely restricted, but this is not likely to increase the government's popularity when it needs all the support it can muster for the forthcoming elections. Allende must be praying that the world price of copper will rise to the dizzy heights it did under Eduardo Frei Montalvo's Christian Democratic government.

The pressing problem for the government is how to contain the rate of inflation, and how to increase the rate of investment. In 1971, one area which showed signs of future trouble was the absence of any new investment outside the construction sector. It is easy to see why the private sector is reluctant to invest, given the policy of expropriation and nationalization undertaken by the government. The state has had its problems in this area too. Chile is the first country to elect a Marxist President. One of the decisive factors in that election was the support given to him by the organized working class. And the unions expect their pay-off. The government has found it difficult to persuade unionists when they have taken over a factory that the profits do not all go to the members. Hopefully, the new Labour Minister, Figueroa, can persuade his fellow unionists to moderate their wage de-

² See the economic report in *Ercilla*, no. 1948, November 15, 1972, p. 24. *Ercilla's* political and economic analyses of the present situation have become increasingly hostile to the government. There is little limitation on freedom to criticize and attack the government.

mands and improve their working habits in the national interest.

Though the stage was set for inflation in 1971—in that year the quantity of money in circulation increased by 120 per cent—the actual rate of inflation was modest, compared with what was to come. Unemployment, considerable reserves in the economy, and unused capacity allowed for an increase in supply adequate to meet the demand created by large wage increases. But if consumer demand was satisfied, the requirements of long-term economic growth were not, and in 1972 the consequences of these inflationary pressures were fully felt.

One possible solution put forward would be to limit the prices of essential goods consumed by the working class, and there already exist state agencies, notably the JAP (concerned with supply and prices), for this purpose. But the process of state control has not yet advanced far enough to make that sort of policy practicable. The government would need to control the commercial life of the country much more tightly before it could be sure of effectively limiting price rises, eliminating the black market, and ensuring an equitable process of distribution. The strike of the lorry owners, most of whom own only a vehicle or two, indicates the extent of resistance to the policies of the UP government not just at the level of large industrialists but also at the level of petty bourgeois concerns. As Allende's electoral strategy is partly aimed at separating the petty bourgeoisie from the entrepreneurial and large commercial sector, any policies that threaten the livelihood of small businessmen are likely to have damaging political consequences.

ECONOMIC ACHIEVEMENTS

This picture of unrelieved economic gloom should not hide the real changes brought about by the Allende government. The danger is that short-term problems threaten to overwhelm the government.

When Allende took power two years ago, the economy was largely dominated by monopolistic industrial enterprises, with substantial sectors under the control of American interests, and with the state aiding and reinforcing that economic structure. It is true that the Frei administration effected considerable changes, but on a much smaller scale than those of the present government.

Direct control of the public sector over industrial production has risen from 10 per cent in 1970 to 30 per cent in 1971 and to over 40 per cent in 1972. Given the fact that 22 per cent of value added in manufacturing comes from small and artisanal enterprises, the government can well claim to control the commanding heights of the economy. The state now controls 85 per cent of exports and 45 per cent of imports. Private banks, American copper companies, steel, cement, coal—all these vital areas now belong

to what is called by the government the "social area" of the economy. If the transition to socialism depends on state control over the industrial and financial structure, then that foundation has been securely laid.

The agrarian sector has seen similar transformation, although here admittedly the process of reform was well advanced under the Frei government, and the growth of rural unions took place under the guidance of the Christian Democrats—thanks to the law that they passed in 1967. Most estates of over 80 hectares—the size laid down by the law—have been incorporated into the agrarian reform sector. Up to 1970, 1,400 estates were taken over and since then another 3,160, comprising in total nearly 54 per cent of the agricultural land (excluding the far south). However, the process of creating the so-called Agrarian Reform Centers to run the expropriated estates is a much more laborious and complicated procedure, fraught with political difficulties, and the process of agrarian reform is thus far from complete.

The major beneficiary of the first reforms of Allende was of course the working class. Unemployment was reduced from 8.3 per cent in 1970 to 3.8 per cent in 1971, though it has risen slightly since then. The share of wages and salaries in the National Income rose from 53 per cent in 1970 to 59 per cent in 1971. Participation in the running of enterprises has not risen so sharply, however, and the left of Allende's coalition would like to see a much more rapid process of mobilization and integration of the working class into controlled economic activity. But Allende has always preferred to proceed cautiously in this area, especially as the Christian Democrats are still in a strong position in the union movement—they obtained about a quarter of the votes in the recent national union elections, and are probably the largest single union group in Santiago. Decentralization could mean, in some places, handing over control to the opposition.

THE POLITICAL SITUATION

All political attention is concentrating on the forthcoming congressional elections of March, 1973. Allende would dearly like to have a majority in Congress; the opposition would like to increase its lead to control of two-thirds of Congress, in which case it could completely paralyze the government. Though prediction is unwise, the situation does not yet seem to point to a commanding victory for either side.

The forthcoming elections show several unusual features. The opposition and the government are both presenting electoral alliances at the polls. The Christian Democrats and the National party have formed the *Confederación de la Democracia*, and the parties of the government are presenting a Popular Unity list. The distribution of candidates on those lists has been the subject of previous party agreement (and disagree-

ment). One result of this has been a drastic reduction in the number of candidates standing for election, thus emphasizing the polarized nature of the electoral contest. Another novelty is the inclusion of illiterates and the age group 18 to 21 on the electoral register, increasing the size of the electorate from three and one quarter million in 1969 to four and one-half million now.

Accusations and counter-accusations of terrorism and subversion have brought the issue of law and order to the front. On September 14, Allende announced the discovery of a "September Plan," by which extreme right elements were to foment violence as a prelude to a coup; the opposition regarded this as scaremongering. But the situation has not been entirely calm. The activities of the MIR-inspired Revolutionary Peasant Movement, an active agent in encouraging peasant estate seizures, has been countered by the farmers' *Guardia Blanca* (White Guard), which has taken reprisals against left-wing leaders. The activities of the extreme left have, once again, provoked the censure of the Communist party, which claimed that by alienating the small and medium farmers, the MIR was forcing them into the hands of the "fascists."

The MIR was also responsible for the formation in Concepción of a People's Assembly, joined by all members of the UP coalition except the Communists, in protest against the way in which Congress was delaying the implementation of the government's policies, and in a real attempt to mobilize the people for Allende. Allende criticized it for "political romanticism," though members of his own party argued that the only way the socialist transition could be maintained was by such a popular mobilization outside the usual confines of party and electoral activities.

Differences between the Socialists and the Communists have been patched up. A joint statement in September, 1972, admitted the existence of important differences of judgment and of "sectarian tendencies," but concluded that the approaching elections and the threat from the right made unity imperative. Such bickering indicates the fragility of Allende's coalition, the lack of an agreed overall strategy, and the immense effort that Allende has to make to keep the major coalition partners together—not to speak of the minor ones.

By contrast, the opposition looks united. The Christian Democrats seem to have settled for the more conservative Frei analysis of the situation rather than the

radical stance adopted by Radomiro Tomic Romero as the party's presidential candidate in 1970. Though there is unease about the agreement to cooperate with the right-wing National party in the elections, and insistence that this is an electoral alliance only, the decision indicates the extent to which the Christian Democrats and the National party are prepared to bury past and present differences in order to challenge the government.

If anyone outside the Christian Democratic party regrets the move to the right it is Allende himself. Allende has faced the problem of reducing enormous disparities in social and economic power by democratic means; few governments can have been so firmly committed both to radical change and to democratic methods.³ Allende therefore desperately needs an electoral majority. At present he has the support of about 40 per cent of Congress. If the UP can repeat its performance of close to 50 per cent of the poll in the municipal elections of 1971, Allende will move nearer his objective (although only half the Senate is up for reelection). But with the support of the Christian Democrats in Congress, his institutional majority would be enormous. Apparently Allende attempted to come to some arrangement with the Christian Democrats several times but failed, either because of opposition inside his own movement or because of Christian Democratic reluctance.⁴ That particular option now looks closed.

Although less attractive than the alliance with the Christian Democrats, the support of the military has become Allende's alternative. Until the recent crisis, the attitude of the military has been firmly neutral and uninvolved. General Prats declared in September, 1972, that "despite the tensions and the general pressures in the country, the armed forces and the *carabineros* will remain serene, carrying out their legitimate and professional role and conscious of the abiding national interest. No one who tries to break or destroy our doctrine will be able to confuse or destroy us."⁵ Allende welcomed the statement, and then called for the general's support. The army moved from neutrality to a role as conciliator, as General Prats resolved the lorry owners strike on terms that satisfied both parties. Presumably, both Allende and the military hope that after the elections of March, 1973, the army can return to its barracks; until then it has an important role to play as guarantor of free and calm elections.

Few Presidents have been criticized as continuously
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³ Laurence Whitehead, "The Socialist Experiment in Chile," *Parliamentary Affairs*, Summer, 1972.

⁴ The case for this alliance is put most forcefully by John Bichl and Gonzalo Fernández, "The Political Prerequisites for a Chilean Way," *Government and Opposition*, Summer, 1972. As Allende once said, "The right is our enemy—the PDC our opponent."

⁵ Quoted in *Latin America*, October 6, 1972.

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"Peru has become the leader of the so-called new military, viewed by many observers as Latin America's most viable alternative to Marxism for achieving economic growth, while permitting limited popular participation in the political system."

Peru's Revolutionary Government

BY GEORGE W. GRAYSON

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THE TERM REVOLUTION evokes images of bearded guerrillas hacking their way through snake-infested jungles; Parisian mobs racing tumbrels toward the guillotine; or frenzied peasants setting a torch to the landowner's mansion. Yet in Peru a self-proclaimed "Revolutionary Government of the Armed Forces" is promoting sweeping change without the massive violence and bloodshed that usually accompanies the reshuffling of a pyramidal social order.

General Juan Velasco Alvarado, leader of the October 3, 1968, *golpe de estado*, which ousted President Fernando Belaúnde Terry, heads this regime. It rightfully claims to have accomplished more for its people in four years than all previous governments did during the first 150 years of Peruvian independence. Its importance is not confined to the Inca republic of 14 million inhabitants, for ambitious generals in Bolivia, Ecuador and Panama have copied extensively from the Peruvian model in fashioning "populist" military governments which, because of their commitment to social reform, stand in sharp contrast to the repressive army-controlled regimes in Argentina, Brazil and Paraguay.¹ Put briefly: Peru has become the leader of the so-called new military, viewed by many observers as Latin America's most viable alternative to Marxism for achieving economic growth, while permitting limited popular participation in the political system.

Land reform marks the keystone of the Peruvian generals' revolutionary program. When they seized power, rigid stratification characterized the agrarian sector in which half of the nation's population earns

a living. Approximately 0.4 per cent of the property holders held 75 per cent of the arable land, which meant that a majority of the peasantry tried to scratch out a living on stamp-sized plots. Thus in 1969 the reform-minded generals decreed the expropriation of abandoned and poorly exploited farms, the abolition of large privately owned estates (*latifundia*) and small properties (*minifundia*) and conversion of massive agro-industrial plantations—such as the sugar estates along the Pacific coast—into worker-run cooperatives. Under this reform, the government has redistributed 8 million acres of land and 1.3 million head of cattle in what has been termed the "most sweeping agrarian reform to be undertaken in South America."²

The generals also wish to enlarge the stake of industrial workers in the revolutionary process. Specifically, they have ordered management to allocate each year a certain percentage of its gross earnings—approximately 10 per cent in cash and 15 per cent in stock—to "labor communities," composed of everyone who works in a particular firm. Thus far, the regime has authorized communities in the industrial, mining, fishing, telecommunications, oil and electric power sectors of the economy.

Not only do the workers collectively gain a portion of the equity in the enterprise but, proportional to their ownership, they are entitled to choose voting representatives for the firm's board of directors. Community members will elect delegates to regional and national associations of industrial enterprises which, presumably, will contribute to policy-making in their economic sphere. The government hopes that the new structures—modeled along the lines of Yugoslavia's worker-owned factories—will diminish class conflict, enhance worker participation in decision-making, undercut opposition-dominated labor unions, spur production by linking "the human interest of the workers with the authentic, bold and pioneering vocation of the entrepreneur," and reduce turnover of the labor force inasmuch as benefits in-

¹ Bolivia's populist military government, headed by General Juan José Torres, held power for 10 months before a conservative, General Hugo Banzer Suárez, seized power. Military men with populist orientations now govern in Ecuador (General Guillermo Rodríguez Lara) and Panama (Brigadier Omar Torrijos Herrera).

² *The Times of the Americas*, September 20, 1972, p. 5.

crease the longer an employee remains with a given community.

In the short run, at least, decisions may flow downward from Lima rather than upward from the grassroots as many Peruvians had anticipated. Indeed, the government has not hesitated to impose policies on independent-minded labor communities deemed to behave too much like "labor unions." Hence, these structures may become the basic element in a hierarchically controlled corporate state.

Also crucial in fostering a new society of "justice, liberty and solidarity" is the education reform promulgated on April 3, 1972. The new educational system contemplates equal opportunities for women, compulsory national service before graduation, student participation in university government and bilingual studies for the 40 per cent of the Peruvians who speak only Quechua, Aymará or other Indian dialects.³

For instruction in remote areas, there will be heavy reliance on radio and television, which the government now requires to carry prime time broadcasts on Peruvian culture. Under the General Telecommunications Law enacted in late 1971 and subsequent amendments, all station owners and employees must be Peruvian born; all advertising must emanate from Peru; 60 per cent of programs must have Peruvian content; and all broadcasts should expound "humanist values" and be "socially useful." According to the Ministry of Communications and Transport: "The Peruvian revolution . . . finds it imperative that mass communications be employed for the security, mass education, social, cultural and economic development of the people. . . ."⁴

FOREIGN AFFAIRS

Like the hemisphere's other new military governments, the Peruvian regime has fashioned a foreign policy that stresses national dignity and independence, while rejecting domination—or undue influence—from the United States or major Western powers. In pursuit of these goals, it has (1) led the fight for Cuba's reintegration into the inter-American system, (2) demanded sovereignty over 200 miles of offshore waters, (3) resisted perceived United States "intervention" in domestic affairs, and (4) established diplomatic and commercial relations with Communist-bloc states.

Following Cuban aid to Peru during the May, 1970, earthquake which took the lives of over 50,000 persons in Ancash Province, Peru joined Bolivia in urging that members of the Organization of American States (O.A.S.) consider renewing diplomatic and commercial relations with the pearl of the Antilles; in

October, 1971, President Velasco invited a Cuban delegation to attend the Second Ministerial Meeting of the "Group of 77" developing states that convened in Lima; two months later, the Peruvian chief executive warmly welcomed Cuban Premier Fidel Castro when the hirsute Cuban stopped briefly in Peru on his return home from a month-long tour of Chile; and at the April, 1972, session of the O.A.S. General Assembly, the Peruvian delegation again pushed hard for the readmission of Cuba to the 23-member body. When this initiative failed, Peru announced on July 8, 1972, that she would exchange ambassadors with the Havana regime.

Insistence on sovereignty over 200 miles of coastal waters now forms a vital component of Peru's foreign policy. Such a policy seeks to protect valuable natural resources by imposing fines on foreign vessels that fish in coastal waters without a license from the Peruvian government. Also, in extending the nation-state—symbolically, at least—200 miles into the ocean, the generals have fired the spirit of nationalism, so important to the success of populist military governments in Latin America. Peru's leaders, working closely with Ecuador and Chile, have gained acceptance for the 200-mile doctrine among a dozen Latin American states.

Recognizing only 12 miles of territorial waters, the United States Department of State has strenuously opposed the Peruvian policy, which has forced owners of San Diego-based tuna-clippers to pay stiff fines, for which they were eventually reimbursed by the United States government. Consequently, on October 27, 1972, United States President Richard Nixon signed into law legislation that automatically sanctions any country that fines United States boats for fishing in international waters. This law, which, according to Peruvian Foreign Minister Miguel Angel de la Flor Valle, "introduces new and inadmissible coercive economic measures in inter-American relations," has sparked massive support for the Lima government as labor unions, political parties, student federations, peasant leagues, editorial writers and church groups have vied with each other in denouncing this "insult" to national sovereignty. While stirring Peruvian naval officers to talk about the need for more weapons, the American move has also strengthened Peru's relations with Ecuador and Chile—traditional antagonists of the Lima regime because of long-standing territorial disputes.

The fishing law is only one reason for tension between the United States and Peru. Because the revolutionary generals have not compensated Standard Oil of New Jersey for the International Petroleum Corporation (I.P.C.), expropriated six days after the military seized power, American aid has been sharply reduced. Although Washington's Export-Import Bank has extended credit to permit Peruvian pur-

³ *Facts on File*, March 26–April 1, 1972, p. 235.

⁴ *Ibid.*, November 18–24, 1971, p. 917; and May 14–20, 1972, p. 373.

chases of American-produced aircraft, Congress has restricted United States support for soft loans to Peru in the Inter-American Development Bank—a move which amounts to a legislative veto of support from that financial organization.

Secret talks with the United States on resolving the I.P.C. question collapsed early in 1972, apparently because General Jorge Fernández Maldonado, Peru's militantly nationalistic Minister of Mines and Energy, leaked word to the press of these conversations. Thus relations between the United States and Peru, one of the world's few developing nations committed to social reform with as little repression as possible, now stand at the lowest point since the generals assumed office, a fact evinced by the cool reception accorded former United States Treasury Secretary John B. Connally, Jr., during a visit to Lima in mid-1972.

Peru has also reaffirmed opposition to French atomic blasts in the South Pacific because of the potential radioactive fallout. The foreign ministry has notified Paris that Peru will sever diplomatic ties if additional tests are conducted on the Mururoa atoll.

Meanwhile, relations have improved with the Soviet Union with which Peru's ruling generals exchanged envoys in 1969 as part of a commitment to diplomatic and commercial ties with all countries that can contribute to their developmental goals. The Russians are constructing a fishing port at Paíta; their technicians have streamed into Lima; Aeroflot has gained refueling privileges at Lima's Jorge Chávez Airport on its Moscow-Havana-Santiago route; and trade between Peru and the Soviet Union increased 27.5 fold in 1972 (\$7 million) as compared with its extremely modest 1970-1971 level (\$250,000). Also significant has been the growing cultural and economic intercourse between Peru and Czechoslovakia.

In late 1971, Peru became the third Latin American state after Cuba and Chile to recognize mainland China. In a joint communiqué, the Lima government called Taiwan "an inalienable part of the People's Republic of China, while the Peking regime "recognized the sovereignty of Peru over 200 nautical miles of sea, adjacent to its coast." Shortly after his arrival, the Chinese ambassador to Peru announced his nation's intention to buy 150,000 tons of fishmeal from his host country.

Latin America's populist militaries see recognition of Communist states as a means to assert independence of the United States and curry leftist support at home. Peru has carried this strategy about as far as she can, however, for the only politically interesting states that remain unrecognized are North Korea, North Vietnam and East Germany. Though ties with

the East Berlin regime may come at any time because of possible trade benefits, opposition within Lima's essentially anti-Marxist military hierarchy blocks recognition of the Pyongyang and Hanoi governments for the immediate future.

While Peru is too small to become a major force, her military government aspires to play the role of a "middle power"—like Canada, Poland or Sweden—in international relations. Peru's tenacious support for the 200-mile doctrine, her advocacy of Cuba's reintegration into hemispheric affairs, her readiness to stand up to the United States and France, and her nonaligned position in the East-West conflict have earned respect throughout the world. The election of a Peruvian as a vice-president of the United Nations General Assembly testifies to the esteem that his country now enjoys within the world community.

ECONOMIC CONDITIONS

Unlike most Latin American countries, Peru's economy does not depend on a single crop. This vibrant Andean nation earns foreign exchange from a host of items, including fish meal, minerals, coffee, sugar, cotton and tourism.

Because of a healthy demand for fish meal and copper, Peru's exports totalled nearly \$989 million in 1972, compared with \$889 million during the previous year; at the same time, the value of imports grew approximately \$82 million to reach \$845 million in 1972. Owing in large measure to the strength of the export sector, Peru's GNP expanded in both 1971 (7.5 per cent) and 1972 (6 per cent).

Also encouraging is the forecast by Rear Admiral Alberto Jiménez, Minister of Industry and Commerce, that Peru, which now produces 150,000 tons of steel annually, will treble this output by 1974 (500,000) and quadruple it by 1980 (2 million).

Despite these favorable indices, Peru's economic picture darkened in April, 1972, as *anchoveta*, the raw material for the nation's fish meal industry, disappeared from Pacific waters. The absence of these little fish has sparked alarm because in recent years the fish meal industry has generated between 25 per cent and 35 per cent of the country's exports (\$200 million to \$350 million annually), while providing jobs for about 30,000 people.

What happened to the *anchoveta*? According to the respected British weekly *Latin America*,⁵ El Niño, a warm current that originates in the Pacific near Panama and usually flows 300 kilometers or more off the Peruvian coast, suddenly turned inward. Moving closer to shore, it displaced the Humboldt, a cold stream that travels northward from Antarctica, bringing with it rich vegetable plankton that feeds the teeming schools of fish. The Humboldt now runs under El Niño, killing the *anchoveta* that cannot survive at the greater depths.

⁵ A trenchant analysis to which I am greatly indebted for the facts contained herein appears in the September 15, 1972, issue, pp. 294-295; see also, *Andean Air Mail and Peruvian Times*, September 15, 1972, pp. 3-4.

If past experience is any guide, El Niño will eventually return to its normal course; however, it may take several years for the fish population to replenish itself, and even if fishing should return to normal by February, 1973—and this is not thought possible in Lima—about \$150 million in exports have been irretrievably lost. Further, if the German firms which handle Peruvian exports declare bankruptcy because of inability to fulfill the forward contracts entered into for anticipated fish meal, the Lima government may find itself saddled with millions of dollars in damage claims. Worse still, the government may have to bail out Peruvian banks which it persuaded to finance the industry's recent investment program. Too, there are thousands of idle workers who must be cared for.

The fish meal crisis, exacerbated by a sharp fall in agricultural production, places a burden on mining to earn vitally needed foreign exchange. The response to this challenge has been heartening; mining production rose 5 per cent during the first six months of 1972, and mineral exports shot up 33.2 per cent between January and May—an increase attributable to expanded earnings of copper, silver, lead, zinc, oil and its by-products.

Still, output levels remain problematical, because of the large number of work stoppages that have beset the mining sector. In 1971, there were 377 strikes, involving 161,415 workers, with a loss of nearly 11 million man-hours; from January to September, 1972, approximately 300 strikes took place, involving 90,945 workers and the loss of 4.3 million man-hours.

An oil boom has diverted a great deal of attention from the fish meal industry to Peru's Amazonian region where PETROPERÚ, the state oil company, and foreign firms have discovered "black gold." The hope is that the Peruvian fields are part of the same geological structure as the nearby Ecuadorean territory, from which 314,000 barrels of oil have been exported. The generals view a major oil strike as a means to earn foreign exchange, enhance the regime's legitimacy, attract the foreign investors who have heretofore expressed reservations about the government and develop the long-neglected hinterland of their nation which Velasco visited in October, 1972, to emphasize that Amazonia will not be excluded from the nation's development.

It has also been reported that two American firms, Tenneco and Union Oil, have begun drilling a new offshore well in northern Peru.⁶

Peru's leaders realize that oil could produce more

problems than it solves, if disagreements flare up between the government and foreign firms similar to the differences between Ecuador's populist regime and several United States petroleum companies. Reaching agreement on investment schedules, taxes, royalties and levels of profit repatriation can prove especially vexsome. Thus the generals have decided that rather than haggle over a myriad of details, they will enter into service contracts with foreign oil companies, requiring these firms to bear all exploration and exploitation costs in return for keeping about half of the petroleum that they produce. Neither taxes nor royalties will be assessed; however, when the agreements expire after 25 or 35 years, all deposits, equipment and installations will revert to the state. Under these arrangements, the government has signed eight contracts with 13 foreign firms—12 North American and one British. Thus far America's Occidental Oil Company has made the first major strike.⁷

Will discovery of oil in the Amazon unleash a flood of foreign investment in Peru? Except for the "devil-may-care" attitude of oil companies, foreign investors—promised security and profits in Brazil, Paraguay, and other military dictatorships—continue to remain cautious with respect to populist militaries such as Peru's. The I.P.C. question still hangs fire; through nationalizations the Peruvian generals have concentrated enormous economic power in the government; labor communities may limit profits and decision-making; foreign interests which hold a more than 49 per cent ownership must fix a deadline for transferring a majority of equity to Peruvians; and now under study is a system of social property—cited by Velasco as the "most decisive step taken by the revolutionary government in four years."

Apparently, the generals intend to reserve to state ownership the country's strategic resources, encourage a private sector "reformed" by labor communities and foster the development of collective, self-managed "social properties," roughly similar to the agro-industrial sugar cooperatives and the agrarian co-ops now in operation. In return for state financing—to be carried out by COFIDE, the national development corporation, the new enterprise will pay substantial "rental" for the capital and land which it uses, with all monies earned over these amounts to be distributed to the firm's employees (each of whom is to possess an equal vote in policy matters). Because of the ambiguities surrounding it, investors seem uneasy about the social property concept. It has, however, won vigorous support from Cardinal Juan Landázuri Ricketts, head of Peru's Roman Catholic Church, one of the regime's staunchest backers.⁸

Still, 16 United States banks evidently felt optimistic about the country's prospects when they signed an accord in February, 1972, refinancing Peruvian debts totalling \$53.5 million, \$23.5 million of which was

⁶ *Facts on File*, October 8–14, 1972, p. 814.

⁷ For a brief description of the Occidental contract, see "Peru: Consolidation of the Revolution," *BOLSA Review*, Vol. 6, No. 65 (May, 1972), pp. 260–261.

⁸ The most lucid discussion in English of "social property" appears in the *Andean Air Mail and Peruvian Times*, August 4, 1972, pp. 1–2.

originally payable in 1972 with the rest due the following year. Peru must now repay the sum in installments over a 54-month period beginning on January 2, 1973. A consortium of European banks has loaned Peru \$38 million to bolster her foreign reserves.⁹ Even more striking has been the escalating number of loans, credits, and technical assistance offers tendered by Japan, a nation that clearly believes that fortunes can be made in Peru under the present regime.

Meanwhile, Peru continues to play an active role in the Andean Common Market, a regional economic unit that also embraces Bolivia, Chile, Colombia and Ecuador. Not only have tariffs among these nations been reduced, but plans are now under way to form a multinational Andean group airline, build an Andean region maritime fleet and stimulate tourism as a collective venture. In the distant future, there may even be an Andean currency.

POLITICAL CONDITIONS

The discipline that characterizes the new military in Latin America is found in Peru. The 1968 seizure of power sprang neither from a sergeants' revolt nor the plotting of one clique of officers but from a decision of the high command executed through the military's command structure. This same discipline has shielded Velasco's government from worrisome intra-military conflicts during his more than four years in power, and has also steeled his regime from the threat of an opposition-sparked overthrow.

Nonetheless, opponents of the regime have surfaced during recent months. On the right are landowners displaced by the agrarian reform, businessmen whose properties have been expropriated by the government and politicians associated with the American Revolutionary Popular Alliance (APRA) and other parties that dominated the political system before the generals closed Congress and suspended elections. Although under intense government pressure, *El Comercio* and *La Prensa*—Lima's oldest dailies—articulate the conservative viewpoint.

Toward the center-left of the spectrum can be found the publishers of *Sociedad Y Política*, a monthly journal published by young social scientists who intelligently criticize a number of the government's programs.

On the far left are student activists who have launched protests in Trujillo, Huancayo, and Lima, while joining with workers to stage one-day general strikes in such provincial cities of the relatively underdeveloped south as Cuzco, Arequipa, and Puno. An alphabet soup of guerrilla groups—the Trotskyite F.I.R., V.R.I., and M.I.R.—has also appeared on the

left. The most spectacular confrontation between guerrillas and the government took place in the afforested northern province of Jaén. There military units finally captured 15 of 22 members of a splinter group of the M.I.R. headed by Gonzalo Fernández Gasco, an *ex-aprista* who has eluded the military's grasp.¹⁰

Although some firebrands on the far left have taken to the mountains, the Moscow-line Communist party, headed by Jorge del Prado, follows Kremlin policy to back fully the Velasco regime. At the same time, Héctor Béjar, leader of the National Liberation Army which led a 1965 revolt in Ayacucho, is one of a number of leftist intellectuals whom the military government has co-opted by awarding them prominent posts in parts of the bureaucracy that handle social reform.

Contemptuous of the old politics that has brought deadlock and drift, new militaries in several Latin American countries have intervened in the name of the people to design a new social order. Yet, imprisoned by their own familiarity with authoritarian methods and wary lest they create unmanageable foes, the generals-turned-politicians recoil from fashioning new political structures that are vital for bargaining with opponents and linking—symbolically, at least—the people to national decision-making. And so it is in Peru, where the President vacillates between rushing in to mediate disputes himself and calling on the riot police to curb student protestors, break up a teachers' strike, or repress a newspaper—an act that has become almost a weekly occurrence in Lima.

Elections would be an obvious way to tie the people to their government. Yet the military has scorned any notion of returning to a political system dominated by self-serving *políticos* and cynical party alliances. "In five years or so" has been since 1968 the typical response of ruling generals to questions concerning the date of elections.

However, in October, 1972, General Enrique Leon Velarde, Director General of the Interior Ministry, told newsmen that the government was drafting a general law of municipalities which contemplated the election of mayors and aldermen. No later events have substantiated this statement, for which Velarde apparently was reprimanded.

In the absence of elections, how can the generals institutionalize the support which they enjoy? The

(Continued on page 87)

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⁹ *Facts on File*, February 13–19, 1972, p. 114.

¹⁰ *Latin America*, August 25, 1972, p. 268.

“... Some modification of Cuba's ambitious economic strategy and economic organization appears to be necessary, if the link between socialist consciousness and economic development is to be encouraged, and if the connection between economic development and compulsion is to be reduced.”

Labor and Revolution in Cuba

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CUBA'S REVOLUTIONARY APPROACH to economic development has depended on radical changes in income distribution, incentives, worker institutions, work attitudes and participation in nation-building. It can be argued that the labor problems emerging from Cuba's economic strategy provide the primary non-ideological explanation of her distinctive path to socialism. While ideological goals have provided important general directions and impetus, the concrete manifestations of ideology have been pragmatic responses to experience rather than responses to abstract principles.¹

Cuba's first economic strategy (1960-1963) reflected the initial euphoria and optimism of the revolution and was aimed primarily at breaking economic dependency. The Cubans contended that in the regulated national and international market, particularly for sugar, the coexistence of idle land and labor was rational from the viewpoint of the large-scale capitalist farmer. By abolishing capitalist production, these constraints on land and labor utilization would end. It was argued that an expanded and diversified agriculture would increase and stabilize employment while providing foreign exchange for expanding light and heavy industry. Cuba would become an industrial rather than a mono-agricultural economy. This, in turn, would absorb the high and rising proportion of urban employment, the most critical labor problem.

The theory broke down under the reality of Cuba's

dependency on foreign markets. The import content of the new industries turned out to be higher and their productivity lower than expected, while agricultural productivity in the new crops was disappointingly low and sugar production dropped precipitously. As a result, a growth strategy designed to reduce Cuban dependency culminated in a tendency toward "economic stagnation via a growing strangulation of foreign trade."²

As a consequence, in 1961, bottlenecks arose with greater frequency, complicated by the absence of effective economic controls and coordination. The structural changes had overrun the capacity for effective organization. The symptoms of declining labor productivity were responsible for the ideological and theoretical debate over the direction of Cuban socialism during 1962-1965.

The "Great Debate" over economic organization represented two divergent views concerning the transition to socialism. Supporters of decentralized economic organization and material incentives argued that the market could not be willed away. Centralized organization sponsored by Che Guevara, the Minister of Industry, designed to circumvent the market, was beyond Cuba's current level of technological and administrative capacity.

The Guevarist opposition rejected the "economism" of this argument. The contradiction between new organizational forms and technical capacity was inevitable during the transition. But it could be overcome by the development of administrative and technological skills and through the growth of revolutionary consciousness. Moral rather than material incentives, the Guevarists argued, should be the primary force in the socialist transition. During the period 1963-1965, two opposing systems of organization existed—one regulating agriculture, and the other regulating industry.³

In 1966, a radical version of Guevara's organiza-

¹ For a more complete analysis, see my forthcoming *Labor and Revolution in Cuba*. For a somewhat different approach, see Carmelo Mesa-Lago, "Ideological, Political and Economic Factors in the Cuban Controversy on Material versus Moral Incentives," *Journal of Inter-American Studies and World Affairs*, February, 1972, pp. 49-111.

² Brian Pollitt, "Employment Plans, Performance and Future Prospects in Cuba," *Overseas Studies Committee Conference*, University of Cambridge, 1970, pp. 11-12. Also Carlos Romeo, "Acerca de desarrollo económico de Cuba," *Cuba Socialista*, December, 1965.

³ For the actual debate, see Bertram Silverman (ed.), *Man and Socialism in Cuba* (New York: Atheneum, 1971).

tional model was adopted. By 1968, Cuba had moved decisively toward developing an economy based on non-economic incentives. All vestiges of the market as a mechanism for allocating factors of production as well as goods and services were virtually eliminated. All mercantile transactions—credit and money between state enterprises—were eliminated, and profit was no longer a criterion for evaluating economic performance. The bureaucratic systems of socialist emulation and work norms were either modified, transformed or eliminated. Instead, work centers established their own goals (*compromises*) within the broad guidelines established at higher levels of authority. The traditional trade union had virtually disappeared at the local level, and a new form of worker organization—the Advanced Workers Movement—was developing. Economic penalties and rewards were greatly reduced. The growing importance of social consumption (e.g., education, health), rationing, the elimination of piece rates and bonuses, the trend toward narrowing wage differentials, all increased the movement toward greater social and economic equality.

THE NEW STRATEGY

This radicalization of economic organization was closely linked with the decision to intensify the rate of economic development. The unfolding economic strategy of the post-1966 period reflected a determined effort to confront the problems of economic stagnation and inefficiency. The new strategy originated in 1963 when a deepening balance of payments crisis forced a shift away from industry to agriculture as the leading economic sector. Essentially, the strategy called for capital accumulation through sugar exports. This would provide needed foreign reserves first to develop agriculture, in which Cuba had a comparative advantage, and later, after increasing agricultural productivity, to transfer this surplus to industrial development.

The greater potential yield in agricultural investment was explained primarily in

terms of the productivity increasing potential of applying advanced techniques to activities such as cane and animal husbandry where previously considerable long-term practical experience coexisted with a traditional primitive technology.⁴

The post-1966 period marked a rapid increase in the rate of capital accumulation leading symbolically to the production of ten million tons of sugar in 1970.⁵

The most significant effect of the policy was to convert Cuba's labor surplus rapidly into labor shortage. The unemployment problem disappeared and a new problem of discovering sources of labor reserves

emerged. This was particularly troublesome because the initial income policy of the government had set in motion a large migration of labor from rural to urban employment, particularly to urban services. In part, this was the result of the growth of small towns and state farms in the interior of the country, where social and educational services were rapidly expanding. The reduction in the numbers and productivity of the traditional cane cutters, seasonal workers, was particularly troublesome. The rural poor were either moving to the higher income centers of the towns or were taking part of their increased income and economic security in additional leisure. The rapid expansion of the service sector from one-fourth to one-third of the labor force, a sector with considerable disguised unemployment, reflected the rapid expansion of the bureaucratic apparatus, as well as the expansion of social services.

Moreover, the increase in the rate of gross investment from an average 18 per cent in the period 1961–1963 to 31 per cent of GNP in 1968 required a reduction in personal consumption. As a result, rationing established in 1962 was extended to include virtually all consumer goods and a reduction in the variety and quantity of commodities available for personal consumption. By 1969, personal consumption of durable goods was insignificant and most non-food items such as clothing were distributed irregularly. Thus, Cuba's strategy implied a rapid expansion in employment, coexisting with a planned reduction in per capita personal consumption. It was this apparent contradiction—the need to increase work, expand and shift the labor force while reducing personal consumption—that set the stage for Cuba's distinctive growth strategy, economic development with moral incentives.

MORAL INCENTIVES

First, in 1966, Cuba was faced with a decline in agricultural labor at a time when extensive growth of this sector was planned. Reversing the rural-urban migration through a program of resettlement made little sense, since economic plans called for a technological revolution in agriculture that would shortly reduce agricultural labor requirements. Therefore, the short-run solution required the redeployment of urban labor to agriculture, particularly during planting and harvesting. The type of labor required was the most menial and unskilled. Material incentives would have had to be unusually high to induce urban labor into these occupations. Moreover, the use of wage differentials made little sense, because the transfer was frequently of workers from more skilled and productive activities to less skilled, that is from industry to agriculture. The moralization of work under these circumstances is understandable, and reliance on unpaid voluntary labor is reasonable. Since 1962, Cuba has increasingly relied on this method to mobilize

⁴ Pollitt, *op. cit.*, pp. 12–13.

⁵ See *Granma*, *Weekly Review*, May 31, 1970, for Fidel's version of the intensification of economic development.

labor for agriculture. In 1968, perhaps 15–20 per cent of the agricultural labor force was made up of non-agricultural labor.⁶ Such a transfer of labor could only make economic sense if it was based on moral rather than material incentives. Moreover, such a transfer of labor inevitably disrupted other sectors of the economy. Under these circumstances of extremely tight factor supply, market socialism was untenable.

Second, the planned reduction in personal consumption made expansion of employment possible only through the worker's heightened sense of social commitment and conscience. Furthermore, the already low level of available consumer goods made increased capital accumulation possible primarily through the expansion of unpaid labor. Therefore, Cuba seemed to be in a stage where "primitive accumulation," a period in capitalist development where force was used to extract the economic surplus, was possible. Yet, if additional labor can be supplied voluntarily, that may be a more consistent translation of the concept of primitive accumulation in a socialist society than that experienced in the Soviet Union.

Finally, the sharp decline in personal consumption made reliance on material incentives politically dangerous. On the one hand, emphasis on material incentives during a period when workers were asked to work longer hours and to reduce personal consumption would merely serve to heighten the sense of economic sacrifice and exaggerate economic distinctions and privileges. Politically, under these circumstances, an emphasis on collective efforts toward social goals was more reasonable. On the other hand, the shortages of consumer goods relative to money income weakened the effectiveness of material incentives.

Cuba's economic strategy made the reliance on material incentives and market relations inoperable. In a system of organization based on moral incentives which eliminates the direct connection between individual performance and reward, the individual's motivation for increasing his economic performance must come from a heightened identification with the goals of the nation. Paradoxically, overzealous political leaders can undermine this commitment. This had become in 1968–1969 a serious problem, because economic decisions at the base were politically rather than economically motivated. This problem had been compounded by an overambitious economic strategy associated with the ten-million-ton goal which overburdened Cuba's fragile economic controls and planning structure.

⁶ More than 50 per cent of the labor force was working in agriculture in 1969. *Granma*, April 1, 1969.

⁷ According to Fidel Castro, "Only 4 comrades had remained in the posts of administrators of sugar mills since the revolution." *Granma, Weekly Review*, September 15, 1971, p. 5.

Economic controls through a system of planning must serve as a substitute for the market and economic incentives. Yet, if national output and efficiency do not increase, a cynical attitude may develop which undermines the worker's identification with the system—an essential ingredient of the model. As of the moment, effective planning and economic controls are extremely weak in Cuba. Economic decisions depend on a bureaucratic planning structure that must translate information about physical output collected from the base into operational instructions. Managers under this system have been seriously circumscribed from making independent decisions based on economic analysis (nor have they often had the skills to do this.) As a result, the data collected had little meaning to management and were therefore frequently inaccurate and under-utilized. This was reflected in the hostility sometimes expressed about the useless information that was sent up to the *empresas* or ministries which, the managers felt, was rarely used.

On the other hand, instructions from above were frequently beyond the competence and skills that existed at the local level. Moreover, Havana-based administrators had no real knowledge of local problems. Despite romantic philosophy, a man with a sixth grade education has difficulty collecting and using the simplest statistical data. This was particularly difficult in such critical sectors as agriculture where large-scale state farms had become the basic organizational unit. As a result, success was frequently measured simply by fulfillment of gross output targets expressed in physical terms and by the conservation of scarce raw materials. The fragile planning was further undermined by "overcommitment" of resources, frequently a product of revolutionary enthusiasm, and the uncertainty of foreign supplies.

The inevitable occurred: first, shortages and bottlenecks reduced industrial capacity and worker productivity; second, the decision-making process was plagued by bureaucracy, so that a parallel planning apparatus bypassing the existing bureaucratic structure was created to ensure the fulfillment of special or urgent strategic economic goals; these special plans were under Fidel's personal direction. Third, there was a large turnover of managerial and administrative personnel.⁷

To cope with these inefficiencies, managers have frequently called upon the worker's conscience, that is, labor's willingness to work overtime without pay. Thus, moral incentives have frequently served to compensate for the inefficiencies and irrationalities of economic organization. Indeed, moral incentives often fostered the irrational uses of labor and capital, since managers did not feel compelled to complete tasks that could be done during the normal work day. Nor did they feel compelled to explore sources of inefficiency. Administrators frequently considered overtime or vol-

untary work costless and were often perplexed when asked whether they had wasted conscience in fulfilling their goals. The same attitude was prevalent in agriculture. Since no production unit assumed the cost of voluntary work, more labor was frequently demanded than was needed in order to guarantee results. Often, the irrational use of moral incentives resulted in problems of worker apathy and discontent. The cost of conscience (Cuba's most precious resource) needs to be considered.

In the face of these difficulties, the search for organizational efficiency during the 1968–1970 period led to some imitation of the military model. The military is the most efficient organization in Cuba, and considerable talent has been shifted to this sector. Military techniques were used in organizing large production units and directing large units of labor. Command posts resembling the operational headquarters of an army were established primarily in agriculture. But these techniques should not be confused with regimentation. Indeed, any observer of worker brigades could not conclude that discipline was one of their characteristics. Their purpose was to establish more effective controls over the organization and deployment of labor and capital, particularly in agriculture. However, military techniques have not effectively dealt with the problems of bureaucracy, particularly in developing greater responsibility and self-reliance at the production level, nor have such techniques effectively helped to foster real participation in the decision-making process. Inefficiency and the absence of effective controls still plague Cuban economic organization.

COMPULSION AND CONSCIENCE: SOME DILEMMAS OF CUBAN SOCIALISM

In an interview, Reginald Boti, the former minister of the economy, argued that after a socialist revolution, a period of primitive accumulation may be inevitable. A socialist revolution inevitably leads the workers to reduce their efforts because they think that the end of employer control means less work. Therefore, he argued, all socialist revolutions face the dilemma between economic development and consent. In Cuba, this problem has been complicated because the initial welfare and redistribution policies of the government retarded the rate of investment and created illusions about the relationship between work and economic development. The question, therefore, Boti argued, becomes one of getting workers to increase their efforts and discipline. Boti's analysis raised some critical questions: Does Cuba's experiment suggest that compulsive work requirements are the inevitable consequences of an organizational model based on socialist values? Is low worker productivity and absenteeism

functionally related to Cuba's radical efforts to eliminate material incentives?

Our analysis suggests that the roots of Cuba's economic problems must be found in sources deeper than moral incentives. In the first place, Cuba's economic strategy required massive increases and deployment of labor. This created an overcommitment of available labor resources. Part of the difficulty can be explained by the particular nature of surplus labor in pre-revolutionary Cuba. In large measure, underutilization of labor was a seasonal problem. During the months of peak labor requirements, the "reserve army of labor" was sharply reduced or disappeared. The revolution overestimated the labor surplus. Consequently, increasing numbers of outside workers, students and the military were needed to fulfill agricultural targets, disrupting production schedules in the industrial and service sectors. One of the results was the need to exhort workers to work longer hours or to move when needed to critical sectors. But these efforts were frequently frustrated because of bottlenecks of poor planning. Thus workers might spend hours in the factory or on the farm, but waste or misuse considerable time. And, despite the large increase in land cultivation, "season after season, . . . the administrators of numerous state farms were obliged to decide which harvests should be sacrificed entirely or, at least, which crops would be harvested outside their optimal time-period at the cost of a decline in their volume and/or value."⁸ Such pressure on labor resources leads to uneconomical hoarding of labor and a work ethic that may contradict the goals of the revolution. It creates a cynical attitude on the part of workers toward the government's exhortations about labor discipline. The process of primitive accumulation is not a "law" of social development, but rather a function of policy decisions.

A second aspect of the strategy required a reduction in personal consumption while relatively expanding employment. Under these circumstances, it would be logical for workers to take part of their real income in the form of reduced effort and increased leisure. Increasing aggregate personal consumption has nothing to do with a system of differential economic incentives. As Ernest Mandel, a defender of moral incentives, has argued, "raising the producer's standard of living is a major way to stimulate output and raise labor productivity."⁹ Ideological preoccupation with the disappearance of money is, to a degree, a rationalization of austerity.

The decline in money as a medium of exchange reflects a decline in real personal income, that is, shortages of consumer goods. Its consequences show up in worker resistance and cynicism. Thus, shortages tend to undermine the system of moral incentives by undermining social conscience.

Moreover, scarcity reinforces the desire for ma-

⁸ Pollitt, *op. cit.*, p. 20.

⁹ Mandel, in Silverman (ed.), *op. cit.*, p. 81.

terial goods, rather than diminishing it in importance. True, rationing does provide a more equitable distribution of subsistence than would exist under a free market, and many basic services are virtually free. But under conditions of severe shortages, small decreases and additions to consumption assume great importance. As a result, there are informal markets where goods are bartered or traded at unofficial prices. The decline in consumption is related to the high rate of planned investment. Unlike the shortages that emerged in 1962, Cuba claims that the recent phase of austerity had been planned. But there is a relationship between the rate of capital accumulation and the rate of compulsion.

Third, Cuba's development strategy required a highly centralized organizational model where material incentives were inappropriate. Economic incentives could not move hundreds of thousands of workers into the *Zafra*. Political, rather than technical, cadres have directed the productive process under the new system of economic management. Thus far, the results have seriously undermined effective economic control. There is considerable evidence that a highly centralized economic organization is beyond Cuba's present administrative capacity. Political enthusiasm is no substitute for technical and organizational knowledge. This is reflected in the high rate of turnover of politically committed administrators. Nor does the winning of the Moncada flag necessarily imply economic efficiency.

But what types of economic controls are compatible with moral incentives? The issue becomes apparent when confronting the problem of labor discipline. Economic planning depends on a reliable labor force. High labor turnover and absenteeism are inimical to planning and efficiency. But since economic rewards and penalties have been rejected, only social pressures and ultimately compulsion remain as methods of dealing with these problems.

In the face of these contradictions, there is a natural tendency for the government to increase the use of ideological instruments to develop greater expression of social commitment. This was the basis of the revolutionary offensive and the "radicalization" of Cuban ideology which virtually declared a moratorium on public debate over economic and social policies. These developments resulted in the externalization of revolutionary ethics. But a system of incentives that relies on directives from above becomes just another form of repression. As Alberto Mora, a participant in the debate over moral incentives, warned: "We must at the same time assure that the superstructure is so organized as to prevent the substitution of the money motive by the power motive."¹⁰ Thus, worker resis-

tance is also reflected in the absence of real participation in decision-making.

SOLVING THE LABOR PROBLEM

On July 26, 1970, Fidel revealed the social and economic costs of the ten-million-ton strategy and the significant constraints the labor factor will place on future economic plans. Since then, major domestic initiatives have been directed toward overcoming the problems of labor scarcity and the inefficiency which suggests the need for some changes in the 1966 radicalization process.

The first major efforts were designed to gain greater control and discipline over the labor force. The first population census since 1953 was completed in 1970, providing needed statistical information on the labor force. Second, a new labor file was created for each worker; his work record is kept and merits and demerits are noted after discussion at semi-annual worker assemblies. Finally, after considerable discussion, an anti-loafing law was promulgated in March, 1971, aimed at reducing absenteeism and bringing all able-bodied men between the ages of 17 and 60 into the labor force. The penalties ranged from working under the vigilance of other workers to imprisonment in a work rehabilitation center for a period ranging from one to two years.¹¹

The anti-loafing law was also part of another effort to increase the available supply of labor and was, in part, responsible for incorporating more than 100,000 new workers into the labor force. But the major drain on manpower is still the sugar harvest. Cuba utilized more than 500,000-man-years of labor, or 700,000 men working from six to seven months, during the 1970 harvest, approximately one-third of the state's labor force. The reduced intensity of the subsequent harvest, the introduction of the Australian cane-burning method, and more mechanized cane conditioning centers have resulted in the addition of 200,000 workers to non-sugar cane activities.

Two additional innovative measures have also contributed significantly to solving the labor scarcity problem. Workers have been mobilized within their factories into construction brigades to solve the critical housing shortage and other community construction problems such as schools and clinics. Workers were asked to participate in solving the critical housing shortage by increasing the normal eight-hour work-day from two to four hours. Thus, the supply of construction workers could increase without reducing labor efforts in the factories. By mid-1971, there were 481 construction brigades with 140,000 workers, and 1,300 brigades were projected by the end of 1972. The goal is the construction of 100,000 housing units per annum by 1975.

Another innovation has been the work-study program. Secondary schools have been constructed in

¹⁰ *Ibid.*, p. 334.

¹¹ For the complete text, see *Granma*, *Weekly Review*, March 28, 1971, p. 2.

the countryside, and the curriculum is equally divided between agricultural projects and formal education. University students will also be connected with work centers. Aside from the ideological implications, it is projected that by 1980 the value of output from these work-related projects will more than cover the cost of education. But the work-study program is also designed to help solve the school dropout problem among the 13- to 16-year-olds and the high incidence of labor infractions among young workers.

As a result of these initiatives (including a 100,000-man reduction in the military and additional programs to be outlined shortly), more than 600,000 more men would be added to non-sugar-cane activities by the end of 1972.¹² Thus, the leadership has argued that the labor shortage will shortly disappear and the objective constraints on economic development would be natural resources and industrial capacity.

But increasing the supply of labor does not insure its effective utilization. This, as we have argued, is the critical problem in Cuba. The economic crisis of 1970 increased awareness among the leadership about "the bottomless pit that swallows up human resources."¹³ There is an increasing recognition of the waste of social conscience through disorganization, inefficiency and poor management. One result has been the reestablishment of work norms that had virtually disappeared in 1968 and 1969. Considerable underemployment has already been revealed in 584 centers for which work norms were established in 1971. But the effective organization of work will probably continue to be the most critical problem. Labor Minister Risquet stated recently that "with the exception of a minority neither the cadres in charge of production, nor the cadres of the labor movement have begun to think in terms of tons per man, units per man. . . . There are many cadres who speak about production in order to pay lip service to this year's slogan."¹⁴

NEW TECHNIQUES

Consequently, there has been a concerted effort to increase awareness of the relationship between effort and output. There is a decided turn toward increased use of material incentives. But the effectiveness of economic incentives is limited by shortages of goods relative to money income. A number of techniques have been developed to overcome these difficulties. First, durable consumer goods are being distributed directly to workers in the factories on the basis of need and merit. Meritorious workers are rewarded directly through worker assemblies, and economic penalties for

labor infractions have been reestablished. Second, measures aimed at reducing the disequilibrium between monetary demand and the available supply of consumer goods and services have been introduced. The supply of consumer goods has been increased and prices for non-essential goods like beer, liquor and cigarettes have been raised. In order to avoid additional increases in the monetary supply, the projected abolition of house rent has been extended only to those families with a monthly per capita income of 25 pesos or less.

These measures have enabled the government to reduce the supply of money. They are designed to make wage differentials a more effective material incentive, and to reestablish a closer connection between money income and output of goods and services. But disequilibrium is also related to the absence of financial planning and to the significant rate of capital accumulation. As long as Cuba must rely on mass mobilization and extra hours of unpaid labor for capital accumulation, moral incentives will continue to play an important role in economic development.

LACK OF WORKER PARTICIPATION

While moral incentives have produced an impressive mass mobilization of labor, they have not resulted in effective worker participation in production, another factor affecting worker commitment and productivity. Fidel appeared to recognize this shortcoming when he recently said:

We have been able to unleash the energy, interest and will of millions. Now we must channel this energy into greater participation in decisions that affect their lives.¹⁵

Initially, the direction seemed to be toward worker control, when Fidel asked: "Why should a manager have to be absolutely in charge? Why shouldn't we begin to introduce representatives of the factory's workers into its management? . . ."¹⁶ However, this does not seem to be the current direction. Instead, a greater assertion of managerial authority and functions has been proclaimed. The more traditional methods of trade union organization have been revived. Thus, speculation about the imminent demise of trade unions has ended. Instead, the trade unions have been reorganized and restructured. Local unions have been revitalized and leaders have been elected. Conflicts between management and unions

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¹² *Granma*, *Weekly Review*, May 16, 1971, p. 18.

¹³ *Ibid.*, December 20, 1970, p. 4.

¹⁴ *Ibid.*, October 24, 1972, p. 5.

¹⁵ *Ibid.*, August 25, 1971.

¹⁶ See Fidel Castro's speech, July 26, 1970, *Granma*, *Weekly Review*, August 1, 1970, p. 5.

In Central America, "Unfortunately, solidarity and unity seem at least as remote now as they were on the original independence day [Central American Independence Day, September 15], despite a number of episodic moves in that direction over the past century and a half."

Central America: Un-Common Market

BY DWIGHT B. HEATH

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THE CENTRAL AMERICAN REPUBLICS celebrated the 150th anniversary of their independence in September, 1972. If the rhetoric of unity and progress was still as much in the air as ever, the spirit and the prospect of realizing either unity or progress in significant degree seemed as remote as a century ago.

In a world of massive power-blocs and super-blocs, small countries too often tend to be ignored unless a natural disaster or a deliberate play for attention briefly attracts journalists. In Central America, where seven countries have a population of less than 18 million and an overall area only slightly larger than California, the problem of scale is especially acute. Too many North Americans find it difficult to take so-called "banana republics" seriously, and tend to discuss recurrent coups, military dictatorships, guerrilla insurrections, and other forms of violence there as having a specious "comic opera" quality. Similarly, few look beyond those symptoms to the more fundamental and pervasive problems, such as widespread poverty, disease, illiteracy, unemployment and underemployment, that characterize the entire area.

This is a volatile region in many senses—active volcanoes still occasionally change the face of the land; many national borders remain in dispute; ethnically diverse populations are often antagonistic; and political and economic rivalries are often deadly.

Although Central America¹ lies entirely within the tropical latitudes, differences in altitude are so great that each country has a wide range of flora, fauna and climate, as well as varying modes of life. Its inter-

continental position makes it important to many kinds of scientists, although contemporary developments there often tend to be ignored among current events on the world scene. Botanists and zoologists enjoy studying a remarkable variation in life-forms within a limited area. Archeologists are busily tracing styles, techniques and cultural motifs from both centers of pre-Columbian American high civilization, Mesoamerica to the north, and the Andes to the south. Linguists and ethnographers are only beginning to analyze in detail the rich variety of cultural and symbolic systems that persist in the vast areas that are still remote from cities and roads.

Even the Spanish conquistadors paid little attention to Central America, which did not offer either great mineral wealth or large concentrations of Indians who could be dominated to provide cheap labor. Because of the economic poverty of most of the area and its people—at least in comparison with more densely populated areas to the north and to the south—they were more neglected than exploited. The entire area (except Panama) was governed by the *Audiencia* of Guatemala, and many of the controversies over present-day national boundaries date back to the imprecise delimitation of *provincias* during the colonial period.

Independence from Spain was neither sought nor actively earned by Central Americans, but it came with the general collapse of imperial control throughout mainland Spanish America. During the ensuing century and a half, the independent republics have made occasional attempts at confederation and other forms of union, but with little success. All of the area that had comprised the captaincy general of Guatemala under Spanish rule was incorporated in the short-lived Mexican Empire in 1822. When it fell apart, the southern states stayed together as the United Provinces of Central America from 1823 to 1825; even after that experiment in confederation failed, the idea

¹ The best general introduction to the area is Franklin D. Parker, *The Central American Republics* (London: Oxford University Press, 1964). For a brief summary of the post-colonial history, see Mario Rodríguez, *Central America* (Englewood Cliffs: Prentice-Hall, 1965); more insightful, although less recent, is John D. Martz, *Central America: the Crisis and the Challenge* (Chapel Hill: University of North Carolina Press, 1959).

of federation persisted until 1839. The five separate republics established at that time have persisted, despite sporadic attempts throughout the last century by strong political leaders to reunite them under the banner of liberalism or conservatism.

In recent decades, political uncertainty and economic confusion have been characteristic of each country much of the time, but not until 1955 was federation again proposed as a long-range goal. At that time, the Organization of Central American States (ODECA) was established as a symbolic focus of unity; based in San Salvador, it has accomplished little in the way of cultural or economic integration, much less political union. A Central American Common Market (CACM), founded in 1962, appears to be on the verge of dissolution even before it achieves its preliminary goal of constituting a customs union.

In this article, I am using the term "Central America" in the geographical sense, which is more inclusive than customary political usage. Whereas the five nations of Costa Rica, El Salvador, Guatemala, Honduras and Nicaragua are often collectively referred to as "the Central American republics," it seems appropriate in this context to include some reference to the current history of British Honduras and Panama, countries to the north and south respectively, which are rarely treated in discussions of North or South America.

Central America, in this sense, has a population of nearly 18 million and one of the highest rates of population growth in the world. Even so, the population is still irregularly distributed throughout the area. The hot humid Caribbean lowlands are everywhere sparsely settled; the central highlands are most densely populated, and the Pacific lowlands vary demographically, but tend in each country to be intermediate between the other regions. The composition of the population also varies. The majority in British Honduras are descendants of black slaves (sometimes called "Bush Negroes" or "Black Caribs"). Nearly one-half of Guatemala's population are Indians who retain their native languages, costume, social organization and many other aspects of culture. The people of Costa Rica, whether appropriately or not, generally pride themselves on their "pure white" ancestry. In isolated areas, scattered Indian, black, and mixed populations reflect a variety of culture histories, but most of them have little contact with the administrative or commercial systems even within their own countries. Throughout the rest of Central America, the majority of the people are *mestizos*, (called *ladinos* in Guatemala), whose physical features and cultures reflect their combined Spanish and Indian ancestry.

The economies of these nations are dominated by agriculture, which occupies more than half of the labor force, and comprises nearly 80 per cent of the exports. The combined patterns of *latifundismo* and *monoculture*

are accompanied by typical problems of underdevelopment. Specifically, large landholdings monopolized by a few mean that the majority are tenant farmers or small-scale peasant cultivators, whose per capita annual income rarely reaches \$300. National dependence on one or two crops means not only that a drought or blight can disrupt the entire economy, but that minor fluctuations in the world commodity market (over which no Central Americans have any significant control) can significantly affect the budget of the nation and all its people. Few North Americans consider what a drop of just one cent per pound in the price of coffee means to a country like Guatemala or El Salvador, where over 60 per cent of the foreign currency income derives from that crop. In Costa Rica and Honduras, similar problems derive from a nearly 50 per cent reliance on bananas and a 30 per cent dependence on coffee.

Coupled with large-scale agricultural production for export is the pattern of underproduction of basic foodstuffs. Costa Rica, for example, imports both rice and beans, staples in the popular diet, while exporting thousands of tons of coffee and bananas.

A brief summary of the major political and economic events of the last three years will illustrate both the causes and the effects of some of the salient social problems that are shared by the people of Central America.

BRITISH HONDURAS

British Honduras, although geographically part of the Central American isthmus, shares little with the other countries there. Although some Guatemalans still belligerently lay claim to it as the stolen province of Belize, its people and their culture reflect a very different orientation that has prevailed since the territory was proclaimed a British colony in 1862. Peopled largely by the descendants of African slaves and Maya and Carib-speaking Indians, the official language is English and insofar as the country looks outward at all, it is more closely linked with the Caribbean islands than with its Spanish-speaking neighbors. The majority of the population live in the few towns along the coast; the rest of the country is heavily forested, and there are virtually no roads. The major exports, timber and chicle, go to distant industrialized countries, and imports are few. There was never any question of British Honduras joining the Central American Common Market but, rather, since 1968 British Honduras has been a member of the Caribbean Free Trade Area.

British Honduras was briefly spotlighted early in 1972, when armed forces from the United Kingdom staged "training maneuvers" off the coast, which were widely interpreted as a show of strength to dissuade two very different constituencies, both of which have been vocal in recent years in their opposition to con-

tinued British control. A number of Guatemalans, including the incumbent administration, have been calling for the "return" of that area, while the most vocal spokesmen among the British Hondurans themselves have recently been calling for the independence that was promised to them some time ago. There was no international incident, and the rest of the world paid little attention.

GUATEMALA

Guatemala has continued to be rent by domestic unrest, with extremists on both the right and the left routinely turning to kidnapping, murder, and other tactics of urban terrorism. In the three-way presidential election of 1970, Carlos Arana Osorio won a plurality of the votes, but his 43 per cent did not constitute a majority. Few were surprised when he was elected by Congress, but some were surprised at the moderation he showed for several months after his inauguration in August. The leftist Rebel Armed Forces (FAR) soon claimed credit (or blame) for events that focused the attention of the world briefly on Guatemala: the kidnapping of a United States government employee, and the kidnapping and murder of the ambassador of West Germany. A state of siege was imposed, meaning limited martial law, with the suspension of certain constitutional guarantees. West Germany broke diplomatic relations with Guatemala, but foreign aid from the United States and various loans from international agencies were not cancelled.

Throughout 1971, the state of siege was continued, ostensibly in response to continued internal disorder. Censorship of the press increased, as did tensions between the church and the state, when several foreign clerics were deported whose crime of "political intervention" consisted of promulgating an appeal for a "cease-fire in the undeclared civil war." A short-lived strike by university students and faculty in protest against the state of siege was broken when the administration threatened to revoke the jealously guarded autonomy of the university. Economic and technical aid from the United States and from the World Bank continued, and some economic gains were achieved. West Germany negotiated the resumption of diplomatic relations, and former leftist President Jacobo Arbenz Guzmán died, having lived in exile since his overthrow in 1954.

The state of siege continued in 1972, but did not stem the episodic violence of Castroite and/or Maoist urban guerrillas, which was often matched by retributive violence on the part of rightist vigilantes who call themselves the Organized Nationalist Armed Movement (MANO).

EL SALVADOR

El Salvador is the smallest and most densely populated country in Central America, and the only one

without a Caribbean coastline. Nevertheless, it has also become the most highly industrialized member of CACM.

During recent years, however, El Salvador has continued to suffer from the undeclared war that has not yet been resolved with neighboring Honduras. Ambitious and industrious Salvadorans had long emigrated across the vaguely defined border into sparsely populated Honduras, where their economic success was resented by poorer local people. The open warfare that erupted in June, 1969, was unfortunately dismissed by uninformed outsiders as an absurd "soccer war," because hostilities erupted immediately following Honduras' defeat by El Salvador in a crucial soccer match. Details of the fighting are still not altogether clear, but deaths undoubtedly numbered in the thousands, and property destruction was considerable in an area where any waste is a luxury. A cease-fire was arranged by the Organization of American States in July, but the tiny unarmed OAS peace-keeping team was unable to prevent sporadic fighting across the 3-kilometer demilitarized zone that was proclaimed. The Pan American Highway was closed at the border—not to all traffic, but to traffic originating in either of the contesting countries. Similarly, mail and telephone service between the unfriendly neighbors was suspended for more than a year, while negotiations dragged on intermittently.

President Fidel Sánchez Hernández proclaimed a limited land reform as part of the continuing policy of "controlled revolution" that has been espoused by a succession of military leaders. Even this modest reform was strongly opposed by the businessmen and landlords who dominate much of the national economy, and by extreme rightists within the ruling military clique.

The elections of March, 1972, appeared important inasmuch as all 52 seats of the Legislative Assembly were at stake. A proposed coalition among the opposition parties did not work out, so Arturo Armando Molina of the incumbent National Conciliation party (PCN) won a plurality in the four-way race, and was elected by the Congress. A coup staged by General José Alberto Medrano (the defeated Independent Democratic United Front candidate) was aborted in March; José Napoleón Duarte (another defeated presidential candidate, of the Christian Democrats) was also implicated, but won widespread sympathy because of the heavy-handed actions of the army and police who seized him in the home of the Venezuelan ambassador.

HONDURAS

Honduras is at least as much a victim of the continuing hostilities as is El Salvador. Other events of 1971 were the precipitous promulgation of agrarian reform (although the law seems to have been effective

tively blocked in terms of application in the country-side), and an agreement by the United States to return the Swan Islands (in the Caribbean) to Honduran sovereignty after years of leasing.

Although dissatisfaction had been voiced on many sides before, Honduras, the least industrialized country in CACM, was the first to withdraw formally from the so-called common market, in January, 1972, and she took no part in the conferences that were held that June in the hopes of revising and reviving it.

The elections of 1972 were imminent before President Oswaldo López Arellano decided not to succeed himself; Ramón Ernesto Cruz of the Nationalist party won over Jorge Bueso Arias of the Liberal party. The March election was marred by an exceptional demonstration of lack of confidence on the part of the several minority parties; their boycott was so effective that barely half the electorate voted, despite universal and compulsory suffrage. Cruz's six-year incumbency, begun June 6, was agreed to only when he accepted Bueso's "national unity plan," whereby the seats in the legislature were divided equally between the major parties. The bipartisan "unity plan" was ignored, and Cruz was not a powerful administrator. On December 4, armed forces spokesmen justified their bloodless coup as necessary to rescue the nation from "its chaotic situation." Installed as President for the remaining five years of the term was Commander of the Armed Forces Oswaldo López, who had been an unelected President before, having led successful coups in 1956 and 1963.

Border skirmishes with El Salvador continued, even while talks were resumed, in San José, Costa Rico. United States recognition of Honduran authority over the Swan Islands was confirmed by treaty in 1972, an event that had enormous symbolic value. The country mourned her ambassador to the United Nations, former President Ramón Villeda Morales, and suffered another critical deficit in balance of payments throughout the year, despite several loans from international agencies.

NICARAGUA

Throughout much of 1971 and 1972, elaborate machinations laid the groundwork for the continuity of the Somoza machine, with a nod in the direction of democratic forms. President Anastasio Somoza Debayle was forbidden, by the constitution, to succeed himself. He and leaders of his Nationalist Liberal party agreed with the Conservatives to have Congress call a constitutional convention and then dissolve itself, leaving Somoza free to rule by decree until the convention actually met. At that time, he was to resign in favor of a junta (comprising two Liberals and one Conservative), thereby becoming eligible for candidacy in the 1974 election. A cynical observer might snicker at this as a transparent ruse, since mem-

bers of the Somoza family have won elections by overwhelming majorities for almost 40 years—sometimes by more votes than there are voters! A slightly less cynical observer might express some gratification, since even such a gesture toward local and world opinion would have been considered a superfluous nicety only a few years ago. Four minor parties opposed the agreement, but, like the short-lived student protests, they got little attention at home or abroad, and did not interfere with the smooth operation of the plan.

At a time when most member-nations were threatening to withdraw, Nicaragua spoke strongly in favor of reforming the Central American Common Market in order to benefit the deficit countries. With respect to inter-American relations, 1972 saw the withdrawal of a vestige of United States "big-stick diplomacy" in Nicaragua, just as in Honduras. The Bryan-Chamarro Treaty was formally terminated, a gesture of immense symbolic importance. Even though there had never been any move to invoke the treaty dating from 1916, pride in national sovereignty was affected by United States relinquishment of the treaty's grant of rights for building an inter-oceanic canal, establishing a naval base, and so forth. The specter of a different kind of imperialism briefly chilled some Nicaraguans when United States billionaire Howard Hughes visited Managua briefly; nothing has yet come of the rumors that he might buy the national airline.

COSTA RICA

Costa Rica is a country proud of her pacific and orderly political history. In a sense, that is a recent phenomenon, dating only from the revolution of 1948 which brought upstart José Figueres Ferrar of the National Liberationist party to power. That same "Pepe" Figueres, heading the same party, was elected to the presidency in February, 1970, over Mario Echandi Jiménez, of the National Unification party, and three other candidates of minor parties. Schooled in the United States and fluent in English, Figueres has long been treated in this country as an "elder statesman" on behalf of free enterprise and democratic forms in Latin America. That misunderstanding engendered another, so that, in his own country, he was believed to have strong connections in Washington. At a time of shrinking United States aid and investment abroad, however, he was unable to deliver the kind of support required to back up money that had been flooding from the printing presses in recent years, and so he turned to the Communist countries in order to broaden the market for his country's major exports, bananas and coffee.

In 1972, Costa Rica reestablished diplomatic relations with the Soviet Union, the first Central American nation to do so. It is not yet clear how much substance there may have been behind the sensationalized exposé of a plot against President Figueres that was

supposedly planned by the United States Central Intelligence Agency, but he shrugged it off as rumor and remains in office.

There even seems to be a growing rapprochement between the Liberationists and the Republicans on the political front. Economic problems continue to worsen, and the mounting balance of payments deficit led President Figueres to impose a surcharge on all imports—in direct violation of the rules of the Central American Common Market. Although Costa Ricans have never been enthusiastic about the common market, when CACM was threatened with collapse, goods imported from member nations were exempted from the surcharge.

A number of loans were made available by national and international agencies, especially for potable water systems and for agricultural and vocational training. Former President Rafael Calderón Guardia died in 1971, and President Figueres declared that the long period of hostility with Nicaragua (a "cold" war has survived since the brief "hot" war of 1955) should be considered ended. Those who thought the old fighter might have grown soft over the years were treated to an unusual spectacle when President Figueres, tommy-gun in hand, directed a group of policemen who thwarted an international airplane hijacking by shooting up the plane when it landed for refueling near the capital. The dubious distinction of having the world's highest rate of population growth seems to have passed from Costa Rica in 1972, which offers promising long-range implications for the long-awaited renewal of economic growth.

PANAMA

Panama, like British Honduras, is part of Central America in a geographical sense, but does not share a common history with the five other isthmian republics, nor is she economically linked with them in any significant degree. During the colonial period, she was administratively linked with New Granada, unlike the northern provinces which were governed from Guatemala, and only in 1903 did she become independent of Colombia.

The Panama Canal links the country's few cities with markets halfway around the world, at transportation rates cheaper than those overland to her Central American neighbors; the Inter-American Highway remains unpaved in Panama and the southern half of Costa Rica. Agriculture occupies most of the

labor force, but major sources of revenue are services and commerce in connection with the canal.

During the past few years, a variety of machinations have provided a superficial appearance of democratic forms, while Panamanian political reality is markedly dictatorial. Since he came to power in a bloodless coup in 1968, General Omar Torrijos Herrera has held a tight rein, through strict control of the press, vigorous opposition to the church (including the exiling of some clerics who voiced their opposition), virtually continuous use of the "state of siege" provisions that suspend constitutional rights "in time of national emergency," cancellation of the 1970 elections, consistent opposition to the formation of cooperatives and other grass-roots organizations, and so forth.

In August, 1972, a new constitution made the presidency a largely ceremonial post, vesting power in the newly created Chief of Government. In effect, this confirmed the status quo, making President Demetrio Lakas legally a figurehead for Chief of Government Torrijos. The United States granted a huge loan for completion of the Pan American Highway, across the swampy Isthmus of Darien. Negotiations between the two countries were reopened concerning the present Canal Zone² and the projected new sea-level canal. Few North Americans seem to appreciate the emotional and symbolic significance of the Canal Zone that cuts all the way across that small republic, as a 10-mile-wide quasi-colonial enclave. In an unusual move, to focus world attention on her 69-year-old grievances, Panama has invited the United Nations Security Council to meet there in March, 1973, when Aquilino E. Boyd, Panama's chief delegate, will take his turn as president of the Council. If that does happen, United States diplomats may also have to face renewed Cuban claims to Guantanamo, and Puerto Rican claims for independence—challenges that are often voiced, but that may have special impact in a Latin American setting.

INTERNATIONAL PROBLEMS AND PROSPECTS

The Central American Common Market (CACM)³ was started in 1962, with \$50 million in seed-capital from the United States, to combine a customs union with regional economic development, aiming toward a true common market with increasing economic integration. The lifting of tariffs among member nations (not including British Honduras or Panama) and the

(Continued on page 85)

² G. A. Mellander has written a recent review of *The United States in Panamanian Politics* (Danville, Ill.: Interstate, 1971).

³ The pros and cons of a Central American Common Market have been weighed, with differing degrees of optimism, by Carlos M. Castillo, *Growth and Integration in Central America* (New York: Praeger, 1966), Roger D. Hansen, *Central America: Regional Planning and Development* (Washington: National Planning Association, 1967), and David E. Ramsett, *Regional Industrial Development in Central America* (New York: Praeger, 1969).

Dwight B. Heath has studied in Central America as a Fulbright-Hays fellow. His major books are *Contemporary Cultures and Societies of Latin America*, rev. ed. (New York: Random House, 1973) and *Land Reform and Social Revolution in Bolivia*, with Charles J. Erasmus and Hans C. Buechler (New York: Praeger, 1969).

"If the competition of April, 1974, becomes a discreditable tangle in which public order is threatened, there will be some sort of military intervention, probably not of the short, surgical and respectful sort. There is no reason to believe that this cannot be avoided."

Colombian Aprils

BY MALCOLM DEAS

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EVERY TWO YEARS there are elections in Colombia in April, and April is therefore a dangerous month for those who try to predict the political future of the republic. In April, 1970, the *Alianza Nacional Popular* of General Gustavo Rojas Pinilla did much better than expected against a divided ruling coalition.¹ In April, 1972, the same movement surprised observers again by coming third, and a bad third, behind the Liberal party and the Conservative party in the municipal and departmental elections.

This was the more baffling because the winners, the Liberals, were by their own account very poorly organized for that campaign, and entered it both late and with serious divisions in their own ranks. Even the witty and very well informed Bogotá newsletter *Informe Semanal de Economía*² came out with a confident obituary of the *Gran Partido Liberal* the week before, and speculated on a future divided between conservatism and the new populism, a polarization in which Liberalism with its record reformist failure and its meddling technocrats would have no place. Liberals themselves were not optimistic, those of the "progressive" line that ultimately emerged with the victory least of all; it was not Carlos Lleras Restrepo, whose presidency ended in 1970, or his ally, Alfonso Lopez Michelson, who had led their effort, but Alberto Lleras Camargo, and the first two began their campaign very late. "The intervention of Dr. Lleras Restrepo was sufficiently short," wrote the *Informe Semanal* in an effort to retrieve its predictions, "that it did not manage to exasperate many liberals with his well-known power of command."

Commentators on this mercurial system were driven once again to think again. The elections of April,

1970, were followed by widespread attempts to assimilate ANAPO's gains intellectually, the necessary preliminary to assimilating the movement politically. A lack of directness in the dealings of the traditional Liberal and Conservative parties with the electorate was diagnosed, and certainly the Conservatives in some cities set about imitating and supplanting ANAPO there with some success, giving their supporters direct and tangible rewards. There was less insistence on matters of general national interest, more attention to immediate local detail. And along with the imitation of method, there was some opening of doors in public to the supporters of General Rojas, in the form of gestures of political fair play, at least a few congressional places in the sun. There was also much increase for a time in private politenesses, which must have been quite confusing to some of those returned, much to their surprise, in the enthusiasm of 1970. It was no longer fashionable to speak ill of the General: if his movement held up then it would have to be lived with. Certainly many members of the existing old currents showed again all the flexibility and realism that have enabled them to survive for so long. They had some success in taking the edge off the movement's militancy, and some luck in an injury to General Rojas's daughter, but neither cause is sufficient to explain how ANAPO lost all the departmental assemblies it controlled and most of the municipal councils, and lost them not to the Conservatives, with their greater unity and the additional bonus they have because President Pastrana has turned out to be rather popular and very mobile, but to the Liberals.

What then is to be said? First, one should be wary of writing yet another premature obituary—ANAPO still managed to poll a substantial numbers of votes, and it was not ANAPO that made these elections into a trial of strength. There are two coffee harvests in most of Colombia, one the main one and the other the *mitaca*, the little harvest. Correspondingly, there

¹ See *Current History*, February, 1971, for the author's article on the scene after those elections.

² *Informe Semanal de Economía* is published by SITECO Ltd., Carrera 6ª No. 14-74 Apartado Aéreo, Bogotá, Colombia 16364.

are big elections—those that elect the President and Congress—and small elections, *elecciones de mitáca*, elections for the Departmental Assemblies and the municipal councils such as those of April, 1972. Victory in these has its uses, but they are limited. ANAPO could claim with some justification that it is a presidential machine, that it has aimed always at the conquest of national power and that its members are not likely to waste their best efforts on the control of comparatively powerless bodies in what remains a very centralized administrative system. It is too early to bury the movement yet. It is unlikely to divide seriously before General Rojas' death, and he is by no means the oldest politician or oldest ex-President active in Latin America. His movement is likely to do much better in the 1974 elections for President and Congress, for in those the still unhealed divisions in the Liberal party may prove much more damaging, and the likelihood is that there will be at least two candidates from the traditional parties. General Rojas and his followers can still respond to a fighting chance, and there is little prospect that the constitutional provisions of the Frente Nacional, which give gentlemen's agreements between Liberalism and Conservatism the force of law, can now be extended. To alter the election calendar, to prolong the alternation of the parties, requires a congressional majority in two separate legislative elections, which is unlikely.

So the defeat of ANAPO may not have been so final. In local elections, pressure to side with one or the other old established lines may be stronger (particularly if there is some likelihood of a return to free competition between them) but this may not be incompatible with voting for General Rojas for President and his lists for Congress. How much one ceases to be a Liberal or Conservative on becoming an *anapista*, how much one ceases to be an *anapista* on voting Liberal or Conservative for one's municipal council, are questions the answers of which are still unknown. How many people vote in presidential elections and do not bother in municipal elections? Not a few. The changes wrought in the electoral system by the Constitutional Reform of 1968, under which there are no mid-term congressional elections, make prediction here even more difficult.

So the second point, to make this obscure situation the more obscure, is the fact that because the figures for this April's election cannot be reliably extrapolated, the winning current may not be the winning current. It may be that the Colombian electorate has only superficially returned to tradition, that the superior force of longer political genealogy has yet to be proved.

UNCERTAIN VICTORY

Not only has it been too easily assumed that ANAPO suffered a *decisive* defeat—by those who

were previously assuming that ANAPO would win yet another victory—but it has also been concluded with too great haste that the winner was "progressive" Liberalism—Carlos Lleras Restrepo. This seems to me no less uncertain than what the elections mean. Liberalism has always been too confident that it is the majority party in the country, ignoring the fact that the majority have not lately pronounced for any party and that if one takes those who do pronounce in this electorate of heavy abstentions, then Liberalism appears outnumbered by the combined forces of Conservatism and ANAPO. Moreover, because there are no rules or criteria for party membership in the Liberal party, discipline is correspondingly weak, especially in comparison with the General's party, of which he is the undisputed head and which does have clear lines of membership. That Carlos Lleras himself had doubts about the wisdom of reading the elections of April, 1972, as a clear endorsement of his brand of liberalism was soon made known, because he made an agreement with Julio Cesar Turbay and his cousin Alberto Lleras to consolidate the unity of the party, at the apparent expense of his fellow "progressive," Alfonso López Michelsen.

The Turbay wing is frequently referred to as the right wing of the party, but this is misleading. Carlos Lleras showed himself a capitalist of unsentimental sort on matters that were not agrarian reform; Turbay's main preoccupations are not with policy but with political management, and he has run the party's affairs in the center of the country for long enough to give him a secure hold on many roles. Carlos Lleras is aware of the value of these; he can appreciate the labor that has gone into collecting and maintaining them; and he knows that if he is again to occupy a central position in his own party—every politician's ambition whatever his own personal designs—then he must come to terms with Turbay. Progressive rhetoric alone would not give him roles and would hinder him from taking this central position in his own party, which, as its most recent and energetic ex-President, he feels is his due.

What his intentions are is consequently obscured. To achieve the *jefatura única* of the party he has had to keep more silent than usual. He has even said less about agrarian reform, at a time when the government has publicly all but abandoned it—landowners obtained substantial guarantees earlier this year in the so called "*Pacto de Chicoral*." The political future is still too obscure, the consequences too dangerous, the past—and present—of coalition too close and too compromising for the Liberal party to break with the present administration and set out on an opposition course; the Government still has a lot of sanctions and a lot of machinery. Conservative overtures for prolonging the pact by which the two parties alternate and share the state's patronage have to be po-

lately received, however unlikely it is that they will be consummated and however much they look to the greater advantage of the Conservative party. What a happy memory to some politicians sectarianism must sometimes be!

It is widely assumed that Carlos Lleras will run for the presidency again, but achieving under conditions of compromise the position of sole party leader—the sole is very much more in the title than in the reality—does not make that easy or automatic. There would be much resistance in his own party. “*Segundas veces nunca son buenas*” (second times are never good) is a phrase every Colombian knows and which Colombian politicians have good reason to treat as more than a mere superstition. A man who has been President once is less capable of surprising his opponents, less capable of new acts of patronage, less capable of abandoning barren ground, too apt to try to retrieve partial failures and vindicate defeated policies. On the other side it must be said that Carlos Lleras Restrepo is a very remarkable man, and for a “bad politician” he has held a remarkable series of high offices since 1930.

THE NEW ADMINISTRATION

The actual administration has proved rather more individual than its weak start suggested. It is a more conservative government in that it has arrested what slow and expensive progress was being made in land reform (very little), and has halted peasant organization, and in that it has ceased to press its own controversial *reforma urbana* without going on to devise a *reforma comercial* or a *reforma bancaria*. Its development plan is more novel and interesting than most,³ and differs significantly from that of President Lleras Restrepo in being more urban and more capitalist. Its strategy is based on urban construction. How successful this will be overall remains to be seen, but there have been encouraging developments in savings policy and a change in the terms of economic debate, a number of new and powerful arguments receiving wide publicity. It is certainly the most original plan in the Andean group, though that does not tell one how strong is the political will and the administrative ability behind it. Nor is it easy to gauge what its short-term political impact will be, as it is unusually courageous in some of its provisions for capital accumulation. President Lleras Restrepo has been invited to criticize it in a constructive spirit, but so far has not said very much. Four years would be a short time to implant such a novel version of the *via capitalista*, even had a Colombian President his full four years of administrative life. As is well known, an agile President is lucky to get something like two and a half, the time between getting over his own electoral com-

promises and losing the power to make effective promises or threats towards the end of his term.

ECONOMICS

The present economic situation is satisfactory. The coffee price is exceptionally high, and though that brings with it problems they are not, of course, as bad as those that came when the coffee price was exceptionally low. Exports other than coffee have been doing well; foreign borrowing operations have been carried out smoothly. The border question with Venezuela has served its distracting purposes on both sides, and has been allowed to cool. Land invasions have continued, but they do not appear to be increasing markedly, and the *Asociación Nacional de Usuarios*—the association of peasant users of the national agricultural services that President Lleras organized to increase support for his government and his agrarian reform—has been unable to produce any effective national organization, or to evolve any plausible strategy for getting what so many more of its members now want—good land.

The attractions of Chile, always very distantly felt in Colombia, have waned; those of Brazil remain to impress at least the two Colombian trade delegations who recently visited that country. The army at home stays inscrutable. The guerrillas stay bottled up. It is against this not very dynamic background that it is possible to speculate so intricately about the permutations of candidates, coalitions, gentlemen's agreements (public) and gentlemen's agreements to differ (private) for the elections of 1974. And which makes one article on Colombia so like another.

What does it all mean? What is the conventional Colombian wish? As one local author puts it, “We want to be a liberal society, that is, with capitalists but without much concentration of capital, with freedom of opinion and behavior, but without much freedom of opinion and behavior, with a party government but one that maintains a stimulating play of political forces, with economic growth always limited by democratic compromises of social security and general welfare.”

No liberal British commentator should find this very strange: what the aspiration lacks in drama it makes up for in its plausible conventionality. The onus is certainly on the non-revolutionary observer to make his objections to this palpable *construismo* in some detail. For the revolutionary the task is easy enough. The distribution of income in Colombia is of course most inequitable, and, as recent studies published by the Banco de la República have shown, it is not getting any better fast: better perhaps than in the 1950's, much the same as in the 1930's. Nor is it easy to argue that this concentration of income in the higher brackets is efficient for the ends of development. The agrarian reform has been, judged all in

³ See *Guidelines for a New Strategy*, Bogotá, National Planning Department, 1972.

all, an expensive failure: as one peasant leader said of the last Minister of Agriculture, "he did not even tickle the latifundio."

All this must be said, and must be remembered, but one must still remember how weak the forces of the non-populist left are. The guerrillas of the *Ejército de Liberación Nacional* and of the *Fuerzas Armadas de la Revolución Colombiana* continue to operate intermittently, to snatch the occasional headline, to ambush the odd patrol, to rob a bank, to kidnap a hacendado, but familiarity not only brings contempt but counter-measures—the well-exercised army, the private guards and walkie-talkies of the Valle *azucareros*, a few additional costs to men who have long lived with such risks. There is little evidence to change the opinion that these operations are still the best alibi of the Right, that a state of obvious peace might be far more difficult for the government in the long run. The urban arms of these groups—in the case of the F.A.R.C., the Moscow line of the Communist party—are not very formidable, and have recently suffered from the attentions of the police.

Rather than speculating on the obscure maneuvers which will produce the candidates for 1974, on whether the Conservatives will be blessed with some continuation of a traditional coalition, or whether a united Liberalism will produce a seemingly radical or seemingly staid candidate or candidates, or whether *Rojismo* will continue to struggle alone, it is of greater interest, and perhaps importance, to consider what initiatives in policy are possible within the present system, or something like it, given the conventional Colombian wish (that of the political classes, as expressed above) and a very moderate dose of optimism.

The plan itself is an initiative. It remains to be seen not only whether the state apparatus can apply it with some consistency, but also whether it can generate for it some wider political appeal. The abandonment of a blinkered sectoral approach for a scheme which, whatever its faults, has the merit of seeing the national economy as a related whole, runs risks of being insufficiently demagogic. The Colombian government is terribly susceptible to certain pressures, not all of them from the more notoriously oligarchic *grupos de presión*. It also runs the risk of not appealing to some foreign currents of orthodox opinion, liable to equate Conservative with conservative, and to believe that urgent and crude problems need immediate and crude solutions. As such, foreign opinion is sometimes backed with offers of foreign exchange and carries more weight than it should, though less with the demise of the Alliance for Progress. The immediate obstacles to the new strategy are local, bottlenecks of credit and materials that any such emphasis on accelerated urban growth was liable to encounter. These are perhaps less important than

a failure to carry conviction and get any visible electoral return.

A reformist government must also believe in palliatives, and pursue them and be seen to pursue them. The Colombian government is now more effectively centralized than it has ever been, and it does sometimes appear slow in giving swift local solutions to certain local problems, out of fear that these may be taken for a national rule. Anybody who has traveled in Colombia has heard of this or that festering local problem whose solution seems potentially both swift and cheap. Colombian legal processes are long, complicated and as expensive as they are elsewhere, and many of these conflicts have none of the social and political simplicity that they at first appear to have. Still, some of them do.

For an executive besieged by them, it is hard to tell which these are, but it is an essential talent. There are some agrarian conflicts which could be ameliorated both cheaply and at once within the present system. There is no reason, no good reason, why the free schoolbook, the *texto gratuito*, should not be introduced into all schools much more quickly—it might not be a good book, but it would probably be no worse than many of the current obscurantist offerings, and it would put an end to a lot of shady trafficking and parental worry and expense.

The government is to be applauded in putting a terminal date to the presence of the Summer Institute of Linguistics, which has for years been preaching fundamentalist Protestantism to the defenseless Indians of a Catholic republic. But it has yet to show any more effective substitute than another decree for Indian protection. Men from the *llanos* have been prosecuted for murdering Indians, a novel prosecution that reflects credit on those who brought it, but some much stronger and better considered institutional arrangements must be made if there is to be anything to look forward to other than a string of prosecutions. There is an urgent need for more and better rural police, though the political difficulties in the way are obvious enough.

This is only a short random list, and not one that includes the intractable poor millions, urban and rural, who neither are classified as Indians nor have any land or hope of it nor can go to school for very long. But the contemplation of such a total problem is just mesmerizing, and is effective politics in the hands of only a few exceptional figures, of a sort which the present Colombian political scene cannot boast. Political effort *por menor* does pay off. Power

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BOOK REVIEWS

ON LATIN AMERICA

CUBA 1933: PROLOGUE TO REVOLUTION.

By LUIS E. AGUILAR. (Ithaca: Cornell University Press, 1972. 247 pages, preface and index, \$9.50.)

It is the author's thesis that Fidel Castro's revolution cannot be understood if one ignores the historical current that emerged from the violent revolutionary episode of 1933. He contends that many analysts of the Castro revolution have failed to understand that Cuba in 1959 was not the Mexico of 1910 or the Bolivia of 1952, but had already entered a revolutionary period in the 1920's. He stresses the fact that some of the ideas and programs of Castro's revolution evolved from the ideals and frustrations of the revolution of 1933. In his well-written study, Professor Aguilar sketches the 19th century history of Cuba, outlining those features which set the island apart from other Latin American countries; he reviews the American intervention in 1898 and in 1906-1908, the growth of Cuban nationalism, and the appearance in the 1920's of various movements advocating radical change. He gives an account of the economic hardships resulting from the depression, of the mounting opposition to Machado's repressive government, of Sumner Wells' mediation and the ouster of Machado. The events causing the failure of the provisional government following Machado's ouster, the formation of the revolutionary junta and the downfall of the revolutionary government are analyzed. He describes the first era of Batista (1934-1944) and the restoration of democratic government with the Cuban Revolutionary party in control (1944-1952) as a period of general progress toward democracy. But the capacity of various members of the Cuban Revolutionary party to steal public funds led to the disillusionment of the masses and the coup of Batista.

These events left the island in complete political disarray, ripe for a new political figure "to replace the wornout leaders of the 1930's and give fresh meaning to unfulfilled aspirations." From the beginning Castro "interpreted correctly the signs of the times: he spoke the language that the people wanted to hear. . . . How he succeeded in embodying the general aspirations of the Cuban people, and how he drastically changed his course and the course of Cuban history" is another story.

Mary M. Anderberg

BRAZIL IN THE SIXTIES. EDITED BY RIORDAN

ROETT. (Nashville: Vanderbilt University Press, 1972. 421 pages, chronology, introduction, tables, references and index, \$15.00.)

The dozen essays included in this volume examine the major political, social and economic developments in Brazil during the last decade. Higher education, the Church and the literary scene are also the subjects of several essays. The economists, political scientists, sociologists and linguists who have contributed the articles are primarily concerned with clarifying the most important aspects and complexities of the course of modernization which is transforming Brazilian society. Douglas A. Chalmers contributes a particularly keen essay, "Political Groups and Authority in Brazil: Some Continuities in a Decade of Confusion and Change." He believes that the military government "represents in a very real sense a logical extension of major trends and characteristics of Brazilian politics." He points out that an elitist pattern of vertical groupings has consistently characterized Brazilian politics, and although such verticality of groups is characteristic of traditional patronal relationships, "it is also not very far from the model of a modern organizational society."

In their excellent article on the Brazilian economy, Werner Baer and Isaac Kerstenetzky attack the question of why "inflationary forces persisted through a prolonged period of relative stagnation, excess capacity in industry, and, over the entire period, an adequate rate of growth of food supplies." In his article on agriculture, William H. Nicholls describes that sector of the economy as performing remarkably well during the 1960's, "attributable to the enterprise and energy of the Brazilian farmers" rather than the "sporadic and crises-oriented agricultural policies of the government." The authors have been generous with statistical data and helpful references.

M.M.A.

THE POLITICS OF FOREIGN AID IN THE BRAZILIAN NORTHWEST. BY RIORDAN

ROETT. (Nashville: Vanderbilt University Press, 1972. 178 pages, preface, glossary, bibliography and index, \$8.95.)

A valuable study of United States foreign aid policy in the Northeast states of Brazil from the signing of an aid agreement by the two nations in April, 1962, until the overthrow of Goulart in 1964. The agencies designated to administer the agree-

ment were the Agency for International Development for the United States, and, for Brazil, SUDENE (Development Superintendency of the Northeast), a federal agency established by the Brazilian Congress in 1959. The head of SUDENE was Celso M. Furtado, distinguished historian, economist and planner. Even while the aid agreement was being negotiated by the two governments a basic misunderstanding existed between them. "Furtado and SUDENE saw the Northeast as a national economic and social problem. The U.S. viewed the region as an international security problem." The United States regarded the activist left in the Northeast as Communist-dominated, and feared a Castro-type revolution. The USAID mission also was convinced that SUDENE was Communist-ridden. Because USAID desired to weaken leftist influence in the Northeast and to strengthen the state governments, which it designated as "democratic," USAID began to bypass SUDENE and negotiate directly with the individual state governments to establish priority aid programs. In fact, the United States hoped its aid would strengthen the Northeast governments in their opposition to Goulart and other forces of the radical left. It is the author's thesis that United States economic aid "counteracted Brazil's modernization efforts for the Northeast and contributed to the retention of power by the traditional oligarchy of special interests."

M.M.A.

CHANGING LATIN AMERICA: NEW INTERPRETATIONS OF ITS POLITICS AND SOCIETY. EDITED BY DOUGLAS A. CHALMERS. (New York: The Academy of Political Science, Columbia University, 1972 [paper]. 190 pages, foreword, preface and index, \$0.00.)

This collection of essays by Latin American specialists resulted from a conference on Latin America held in the spring of 1972 at Columbia University, under the sponsorship of the Academy of Political Science and the Center for Continuing Education, School of International Affairs. Seven of the essays deal with new internal developments in Latin America: agrarian reform, migration to the cities, the population explosion, educational changes, radicalism among the clergy, authoritarian and corporatist paths of political development, and the forces restraining rapid change in Chile. Six of the articles deal with inter-American relations: new attitudes about the development programs, United States policy after the Alliance for Progress, changing patterns in the exchange of Latin American and United States students, professors and researchers, changes in the flow of technical skills and processes, the intra-Latin American trade and economic associations, and a critique of United States

policy and its failure to take into account the great diversity of the nations to the south. M.M.A.

NORTH AMERICA DIVIDED: THE MEXICAN WAR, 1846-1848. BY SEYMOUR V. CONNOR AND ODIE B. FAULK. (New York: Oxford University Press, 1972. 183 pages, preface, maps, analytical bibliography and index, \$7.95.)

The authors of this study reject the theory that the Mexican War resulted from American provocation in the interests of United States territorial expansionist aims. After analyzing the events which led to the war, they present a lively account of its military history. M.M.A.

THE HUMAN CONDITION IN LATIN AMERICA. BY ERIC R. WOLF AND EDWARD C. HANSEN. (New York: Oxford University Press, 1972. 358 pages, preface, bibliographical notes, illustrations and index, \$12.50.)

The coauthors of this study, both anthropologists, describe their work as "an introduction to Latin American society which aims at defining the existential conditions under which most Latin Americans live." They present various historical and contemporary accounts, newspaper articles, essays and other sources which depict various aspects of Latin American society past and present, and offer their own analyses of the social phenomena which the sources exemplify. They point out that the social order has changed tremendously since the day of the caudillo, and stress the polarization between elites and masses, both political and economic. M.M.A.

DEMOCRACY IN MEXICO. 2nd Edition. BY PABLO GONZÁLEZ CASANOVA. Translated by Danielle Salti. (New York: Oxford University Press, 1972 [paper]. 197 pages, prefaces, foreword by Irving Louis Horowitz, tables, name index and subject index, \$1.95.)

The hardcover edition of this important study by the distinguished Mexican scholar was reviewed in *Current History*, February, 1971, p. 112. M.M.A.

Also on Latin America . . .

BRAZIL 1954-64: END OF A CIVILIAN CYCLE. EDITED BY JORDAN M. YOUNG. (New York: Facts on File, Inc., 1972 [paper]. 184 pages and index, \$4.45.)

THE CARIBBEAN COMMUNITY: CHANGING SOCIETIES AND U.S. POLICY. BY ROBERT D. CRASSWELLER. (New York: Praeger Publishers, published for the Council on Foreign Relations, 1972. 431 pages, acknowledgments, introduction, maps, notes, bibliographic note and index, \$13.50.)

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CURRENT DOCUMENTS

Panama Canal Treaty Negotiations

On May 12, 1972, the Special Representative of the United States for Panama Canal Treaty Negotiations, David H. Ward, reviewed the United States position with regard to the Canal in an address to the Pan American Council. Excerpts from the text of his address follow:

The story of the Panama Canal is well known to Americans and it is one in which we rightly take considerable pride. The canal enabled ships to reduce the length of their voyages, sometimes by as much as 8,000 miles. We conquered the jungle and the mosquito, where the French Canal Company had lost a fortune and 22,000 lives.

The canal enterprise was, and remains, unique. While it affords us special benefits, it likewise presents special problems of a political nature. These problems must be addressed constructively if a sound relationship with Panama is to continue and if we wish to keep alive the possibility of building a new canal in Panama in later years. We would be unwise, and do not wish, to ignore legitimate nationalist aspirations in Latin America. For these reasons we are negotiating a new treaty with Panama.

Any discussion of the problems we face today must begin, but by no means end, with a discussion of the convention of 1903. This treaty, although amended and reaffirmed in 1936 and 1955, governs the U.S. presence in Panama much as it did when the canal opened in 1914.

The treaty is 69 years old and no one need be reminded of the great changes in the world generally, and in Latin America in particular, that have taken place since that time. In 1903, because of various problems, including those concerning health and sanitation, it was judged necessary for the U.S. to hold a 10-mile-wide Zone under its control for construction and operation of the canal. Accordingly, the 1903 treaty provides that the U.S. can exercise all rights and powers in the Canal Zone it would possess if it were the sovereign and can exercise these rights in perpetuity. The treaty thus stops short of an explicit grant of sovereignty to the U.S.

The builders of the canal set out to create a community with the necessary government services and utilities in which the large labor force could live and work in good health and good order. This task was accomplished as part of the process of building the canal, and that community exists today. At present we have the necessary stores, housing, power and water facilities, courts, police, post offices, schools, hospitals, and the like, all under U.S. ownership.

The Canal Zone is thus in many ways independent of Panama and outside of its legal control. This fact has caused friction with Panama. The physical aspects of the Zone have also been a cause of difficulty. The Zone bisects Panama, adjoins Panama's two largest cities—Panama City and Colon—and occupies land that Panama would like to use for urban expansion. The two deep water ports of Panama are in the Zone, and travelers from western Panama must pass through the Zone to reach Panama City, which they are of course free to do.

Panama is paid an annual annuity of about \$2 million for the canal and received indirectly, through U.S. purchases and payment of wages to Panamanians, about \$167 million in 1971. This is about 75 per cent of Panama's total foreign exchange earnings and the basis for about 35 per cent of its gross national product. The direct payment is considered inadequate by Panama on the grounds, among others, that tolls, which have never been raised, could be increased to finance a much greater payment.

Canal Zone operations today are under the overall supervision of the Secretary of the Army. A major general in the Army Corps of Engineers serves in the Zone in a civilian capacity as Governor of the Zone and President of the Canal Company. He is responsible for the governmental functions in the Zone, the operation of the canal, the management of the housing and commercial services provided for the employees of the company, and the like. A U.S. court and a U.S. attorney also operate in the Zone.

About 12,000 Panamanians and 4,000 Americans work for the canal operation. Approximately 7,500 Panamanians and 40,000 Americans live in the Zone, and residence therein is limited to U.S. Government personnel and their families. About 13,000 of the Americans are military personnel stationed in the Zone, and they and their families share the schools and hospitals run by the Canal Company.

This is the present situation. Panama believes it to be outdated and is pressing for the right to govern the Zone, for an end to the provision whereby the U.S. rights continue in perpetuity, for full ownership of a good part of the lands in the Zone, for a greatly increased annuity, and for certain limitations on U.S. military rights. Panama is not, however, seeking the right to operate the canal.

These matters have been under discussion for some years, and in 1967 negotiators of the United States and Panama reached agreement upon three draft treaties to replace the 1903 treaty. These treaties were never ratified by Panama and were consequently never submitted to the U.S. Senate. In 1971 negotiations resumed and since the 1967 draft treaties were formally rejected by Panama, a new basis for agreement is being sought.

* * *

President Nixon, in this [1972] foreign policy report to Congress, recognized that although our relations within the hemisphere have a special durability, it is time to lay the basis for a more mature political relationship. He stated: "Henceforth a sense of hemisphere-wide community [can] be sustained only on a new, more realistic basis." His report also observes that the problems in our Latin American relationships are basically political and that the hemisphere is composed of nations increasingly assertive of their individual

identities and less amenable to U.S. tutelage than in the past. Hence our policy is to eschew efforts to dominate and instead seek a mature partnership with Latin American nations, recognizing the limits on our ability to solve every problem that arises in the hemisphere. This policy is exemplified by four major themes laid down by the President. These find expression in our policy concerning the Panama Canal enterprise and Panama generally and are as follows:

—*First*, a wider sharing of ideas and responsibility in hemispheric collaboration;

—*Second*, a mature U.S. response to political diversity and nationalism;

—*Third*, a practical and concrete U.S. contribution to economic and social development;

—*Fourth*, a humanitarian concern for the quality of life in the hemisphere.

These broad principles, of course, require sharpening in the specific case. In particular, a careful assessment of our national interest in the canal must be a primary guide to the course of action to be followed. Traffic passing through the canal continues to increase, and the U.S. portion of this traffic has been rising in absolute terms and as a percentage of the total. In 1970, 14 per cent of total U.S. oceanborne trade passed through the canal, as compared with 10 per cent in 1950. The canal is also of considerable military significance and is used by all but our largest naval ships and for logistical purposes. Our most important national interest in the canal enterprise is thus to ensure that the canal remains available for our commercial and naval shipping.

With these general and specific concerns in mind, the President has determined that a great deal can be done to meet legitimate Panamanian aspirations without jeopardy to our national interest in the canal.

Referring again to the four themes of our Latin American policy, the first theme—a wider sharing of responsibility—is exemplified by the agreement of the U.S. to the assumption by Panama of greater and greater responsibility for the civil government of the Canal Zone. Supporting services such as grocery stores and restaurants would be operated in the Zone by Panamanian entrepreneurs, and Panama would make use of Zone lands in ways consistent with U.S. responsibility for operation and defense of the canal. Panama would also play a greater role in defense of the canal.

The second point—a mature response to nationalism—is also met by the proposed changes just mentioned and by our agreement to set a date in the next century when Panama would have an option to terminate the treaty if a satisfactory new arrangement could not then be negotiated. This will end the perpetuity provision which has been a substantial cause of dispute over the years. Treaty provisions to ensure the continued right of the U.S. to make use of the canal would, of course, survive any such termination.

The third theme—a concrete contribution to economic and social development—is exemplified by our willingness to turn over to Panama substantial Zone land and port facilities which are no longer needed for operation or defense of the canal, to open up certain retained lands to Panamanian development, and to raise the level of compensation to Panama by a substantial amount.

The fourth point—a concern for the quality of life in the hemisphere—is served by almost all of the changes that we have proposed to make and by the new relationship which will result from a new treaty.

The U.S., as does Panama, has certain affirmative requirements of its own in the new relationship, and these spring

generally from the national interest in the canal mentioned earlier. It is our position that a U.S. Government agency will continue the functions necessary to the actual operation of the canal and the conduct of governmental activities that will eventually be assumed by the Government of Panama. Tolls would remain under the control of Congress. The transition from a U.S. government in the Zone to one that is generally Panamanian should be an orderly and deliberate one, and rights necessary to an effective operation of the canal will be needed. The U.S. must also retain the right to defend the canal. This will require the continued maintenance of military forces in the vicinity of the canal. Finally, we seek a definitive option either to expand the existing canal by the construction of a new and larger lane of locks or to build a sea-level canal in Panama. Further explanation of this latter point is appropriate.

In 1970 the presidential commission headed by former Treasury Secretary Robert Anderson, who has since 1964 also been the chief negotiator in Panama treaty matters, concluded that the best site for a sea-level canal in Central America was about 10 miles west of the present canal. This site is outside the present Canal Zone and new treaty rights would be required. The commission recommended that a decision on the \$3 billion canal be made at a date some time in the future when the existing canal begins to show signs of becoming overburdened.

* * *

There has been much discussion of danger to the ecology from a sea-level canal. The commission concluded that the risk of adverse ecological consequences appeared to be acceptable but stated that long-term studies were needed and that tentative provisions should be made for a fresh water barrier in the midsection of the sea-level canal.

Another possibility is expansion of the existing canal by the addition of a third lock or larger locks. It appears unlikely, however, that this need to expand capacity will become pressing until around the end of this century.

There is some concern on the part of the Government of Panama that construction of a sea-level canal would create serious economic dislocations—a long period of inflation during construction, followed by a drastic decline in employment and business activity in general when construction terminates and lock canal jobs are eliminated in the change-over to the sea-level canal.

* * *

An exhaustive study of the potential economic impact of a sea-level canal by the Stanford Research Institute in 1969 concluded that this problem of adjustment is one of manageable proportions.

* * *

Our approach to our treaty relationship with Panama thus reflects the constructive and forthcoming attitude that the United States has taken toward Panama in other matters. Panama has long been one of the highest per capita recipients of U.S. development assistance in the hemisphere, and this assistance, together with benefits from Canal Zone goods and services, has helped sustain a record of economic growth over the past decade that is one of the highest in Latin America.

* * *

Both through our treaty policy and in these other programs the United States has sought to foster a relationship in which the processes of change and national development can take place in an atmosphere of mutual respect and cooperation. We seek a mature and reasonable partnership with Panama which will endure for the benefit of both parties and world commerce.

* * *

CRISIS IN ARGENTINA

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the guerrilla groups and that the press should not be impartial.

Those groups opposed to the Lanusse regime and bent on sabotaging the March elections are capitalizing on the press censorship and using the Trelew incident as a rallying cry for their own cause.

PROSPECTS

After 17 years of alternating constitutionally elected Presidents, coups, and military Presidents, Argentina finds herself at the brink of a new era. It is possible to see at least three avenues open for the country: 1) the continuation of military rule, with the peronists operating at the political periphery, 2) a landslide victory for the peronists in the March elections with an unknown consequence, and 3) the winning of the March elections by a coalition candidate drawn from the peronists with other political parties.

At this writing, it is difficult to forecast what lies ahead for the Argentine nation because Argentina continues to behave like a "maverick."⁷

It is well-known that the Argentine military has practically controlled the government since 1930, and has effectively made its presence known and its opinions heard in the political system. Now, the military appears to be willing to delegate the conduct of the affairs of state to the civilian sector through a process of constitutional normalization.

If the goal of the military is, indeed, a *solución política* (a political solution) and not merely a *salida política* (a political escape) from the institutionalized confusion which besets Argentine politics, it is incumbent on the military to create an atmosphere conducive to the full participation of all Argentine citizens (especially the peronists). It is encouraging that the military has at least engaged in dialogue with Perón and approved his return to Argentina as a full-fledged citizen. It is arguable that the dialogue between the military government and Juan Peron during his recent visit was productive in the sense of helping to bridge the gap between Peron's followers and the military leaders. It is understood that the peronists remain apprehensive and defiant of the military in view of the fact that their leader was unable to obtain any noticeable concessions for them from the government.

There are mixed feelings about Perón's return to Argentina. Some feel that Perón's return is more a checkmate of the military's invitation than a gesture of peace. Others contend that by living in splendid

exile, Perón remained a living myth, capable of indirectly but effectively running Argentina from his government-in-exile. But by returning to Argentina, Peron was unable to keep the peronist ranks unified. Indeed, his decision to decline the presidential nomination of the Justicialist Movement left the party split as to who would be capable of taking his place. It is difficult to ascertain the reason for Dr. Cámpora's nomination, which has only served to split the peronist ranks at a time when unity of the peronist movement is imperative. Whatever the consequences of Perón's return, it seems certain that President Lanusse will capitalize on his visit to move forward with his promise to hold elections and return the country to a constitutional civilian government.

CENTRAL AMERICA

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adoption of uniform tariffs for imports from other nations were achieved slowly, and intraregional trade rose from \$71 million in 1963 to \$260 million in 1969. But different levels of industrialization among the countries combined with fervent nationalism as major obstacles to the kind of large-scale "rational" planning originally envisaged. New industry is rare but duplication occurs despite rules against it; the common currency, uniform fiscal policy and Central American Central Bank are as remote as when they were projected a decade ago. Transportation is still expensive; most raw materials are scarce or imported; capital and technical skills are more readily available from without than within; and labor remains the most abundant factor of production. The "Soccer War" of 1969 stopped trade between El Salvador and Honduras, and interfered with other commerce. When Honduras formally withdrew from CACM in 1972, drastic changes in the flow of goods drove Costa Rica's trade deficit to \$98 million, and prompted her to initiate a dual exchange rate: 6.67 colons per dollar for essential products, and 8.70 for luxury goods. A number of meetings of the Ministers of Economy of CACM countries during the past year have not yet achieved the major restructuring of the system that they desire. It is not clear whether they will be able to restore the fragile bonds that bound them briefly.

Among other recent developments that have impact across national boundaries, the meeting of the general assembly of the Organization of American States, in April, 1972, provided a forum for the voicing of common concerns. Whether recent streamlining of the OAS will help it to implement what some observers call "the same old pious platitudes" remains to be seen. Major points reiterated were the opposition to

⁷ Arthur P. Whitaker, *Argentina* (Englewood Cliffs: Prentice-Hall, Inc., 1964), p. 1.

BRAZIL AT THE CROSSROADS

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"miracle" to benefit the majority of the population. In 1972, President Médici himself remarked that while the economy was faring well, the people were faring less well. Delfim Neto, the man widely held responsible for Brazil's economic advances, was shaken by the stock market fiasco, and may well be retired in the coming year, perhaps to the governorship of the state of São Paulo. After an optimistic speech in June, 1972, by Planning Minister João Paulo dos Reis Velloso which was received by foreign newsmen with skepticism, Delfim Neto admitted frankly that no changes in Brazil's unequal income distribution could reasonably be expected over the next ten years, and that no solutions had yet been found to deal with the problem.¹¹

What all this suggests is that military leaders are quite unlikely to consider the "revolution" sufficiently successful to permit a return to civilian government in the near future. An ill-timed interview by ARENA Senator Plínio Salgado, the former chief of the fascist Integralist party, hinting that the movement might be revived and claiming that more than 100 federal congressmen stood ready to follow its doctrines, cast a pall over speculation about a possible return to open political activity.¹² Economically, horizons seem less bright than they did one or two years ago, and reforms from above are likely to be forthcoming.

Current civilian Cabinet officials share, to some degree, the new look among high military officers: technical expertise, a lack of identification with specific interest groups, and relative colorlessness, particularly in contrast to such lions of the early phases of the regime as Carlos Lacerda and Adhemar de Barros. The same holds true for the handpicked state governors, in spite of the fact that local politics continue as volatile as ever, a fact which disgusts some military critics, particularly in the northeast.

In 1960, under five million working Brazilians earned less than 98 cruzeiros, or about \$17 per month; in 1970, the number rose to more than seven million.¹³ With the military government no longer reluctant to recognize such dilemmas publicly—although its statements have been muted—it is unlikely to relinquish power, especially under formulae which it considers obsolete and self-serving.

¹¹ *Latin America*, VI, No. 28, July 14, 1972; Everett G. Martin, in *Wall Street Journal*, April 21, 1972. The quotation attributed to Médici has been widely printed abroad, although the exact translation varies. See E. Bradford Burns in *The Nation*, July 10, 1972, p. 18, for a slightly different version.

¹² *Jornal do Brasil*, October 6, 1972, p. 3; October 7, 1972, p. 3; October 28, 1972, p. 4.

¹³ *The Economist*, "The Moving Frontier," p. 34.

¹⁴ Richard Barnet, "Letter from Rio," p. 21.

The transition may emerge quickly, tied to the decisions which must be made about the presidential succession scheduled for early 1974. The close alliance between the armed forces and the private sector, weakened during the last 12 months, may break as scapegoats are sought, particularly if economic indices falter. The military considers itself the defender of Brazil's national security and the guardian of her national mission. That view, tinged by suspicion of the greedy private sector and the massive inroads made by foreign capital, may conceivably lead to more nationalistic policies under an authoritarian framework. In March, 1972, ARENA spokesmen announced the establishment of a civilian-military commission to "consecrate the ideology of the revolution in definite and lasting terms."¹⁴ The authors of this ideology may very well consider the adoption of their program essential to Brazil's continued growth, the first step in the creation of a Brazilian "revolution" of permanent nature.

PROBLEMS IN ALLENDE'S CHILE

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from so many ideological directions as Allende. Even his own party is a most inconstant ally. In a party meeting in March, 1972, the Central Committee regretted that the revolutionary process had slowed down and turned into "bureaucratic passivity"; that the UP was becoming reformist; and that the time might soon come when the working class would have to take "revolutionary and armed action." Similar sentiments have been continuously expressed in the history of the party; little gratitude is shown by its leaders for the man who led them to victory in 1970. As usual, the Communist party is a much more reliable supporter than the Socialist party, and is completely in sympathy with Allende's political tactics.

Yet the debate between the Socialists and the Communists does touch a real issue for the future of the UP. If the institutional majority fails to materialize, if the opposition is more and more successful in delaying or preventing the implementation of government policies, if public opinion shows increasing discontent with Allende, what then are the alternatives? It is easy to say popular mobilization, armed insurrection, confrontation with the bourgeoisie, but it is very hard to effect such policies in any way that does not involve immediate political suicide for their advocates. Allende would never associate himself with such measures, but a more determined attempt to mobilize support is constantly being pressed upon him. Bolívar apparently said that making a revolution is like ploughing the sea—but at least he didn't have to do it with a multiparty coalition of Chilean politicians.

PERU'S REVOLUTIONARY GOVERNMENT

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first attempt to form a political organization came in 1969, when zealous civilians established Committees for the Defense of the Revolution on properties expropriated by the government. These bodies, ominously similar to Cuba's block-level surveillance organizations, raised the hackles of several conservative generals and have ceased to exist.

Similarly, a "multi-sectoral front against underdevelopment" proclaimed by Velasco in late 1970 to unite workers and industrialists in the government's battle for modernization never got off the ground.

The latest scheme to encourage participation of the people in the revolution involves the formation of a National Office for Support of Mobilization (*Oficina Nacional de Apoyo a la Movilización Social*)—the Spanish acronym of which means "without masters." Headed by one of Velasco's closest advisers, General Leonidas Rodríguez Figueroa, S.I.N.A.M.O.S. boasts a large staff and generous budget. Accordingly, it has undertaken a number of functions. *First*, it serves as drum-major for presidential activities, triggering "spontaneous" demonstrations for the chief executive when he travels across the nation. *Second*, it acts as a Red Guard detachment, rooting out such undesirable groups as the recently-dissolved National Agrarian Society and indoctrinating military and student groups on the importance of creating a new society that provides an alternative to "avaricious capitalism" and "heartless communism." *Third*, it works as an *ombudsman* to extirpate wrongdoing in the bureaucracy and in private firms; for example, it was asked to audit the books of *El Comercio* when employees suspected the paper of falsifying accounts. *Fourth*, the agency acts as an organizer to assist workers in the formation of cooperatives. *Fifth*, it plays the role of elections' supervisor, a function which it effectively discharged in April, 1972, when workers in the coastal agro-industrial cooperatives selected their leaders.

Finally, the organization has been actively involved in the creation of the Central of Workers of the Peruvian Revolution (C.T.R.P.), a new labor union designed to entice workers from both the Cominunist-dominated General Confederation of Peruvian Workers (C.G.T.P.) and the APRA-controlled Peruvian Federation of Workers (C.T.P.). The new body now optimistically claims 200,000 members, most of whom are allegedly found among fishing, telecommunications, garment, and port workers.

The far-ranging activities undertaken by S.I.N.A.M.O.S. have generated virulent opposition from al-

most every group affected by its operations. The Ministries of Agriculture and Labor detest its poking around the agrarian reform and in worker-management relations; teachers' groups excoriate its "intervention" in the educational system; existing labor bodies correctly perceive it as a threat; the far left decries its "counter-revolutionary" penchant for tinkering with social problems rather than instigating violent, dramatic changes; and traditional political parties—which still abound in Lima despite the parenthesis stamped on elections—accuse it of seeking to "organize a single political movement" and of "manipulating the people," charges most recently leveled by Christian Democrats and Communists who, although hostile to S.I.N.A.M.O.S., reiterate their loyalty to Velasco.

Should opposition continue to mount, Velasco may restrain the free wheeling S.I.N.A.M.O.S., which has certainly read more into its statutory mission than anyone else in Peru. It may well relinquish many of its activities to existing ministries and concentrate on molding such grassroots bodies as the cooperatives, labor communities, and newly formed trade unions into a kind of corporate state that stimulates economic growth and permits controlled popular participation in limited policy-making areas, while enabling the government to play an indoctrinating and tutelary function.

If Lima's military leaders succeed in creating "a new Peruvian man in a new Peruvian society that is just, humane and Christian," they will have executed a revolution that transcends the Cuban, the Mexican and any other that has taken place in Latin America. The odds are overwhelmingly against them, but credit should be given for the audacity of the generals' attempt.

CUBA

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are to be adjudicated through labor councils.

Many of these efforts do suggest the movement toward a more traditional approach to the socialist transition. Fidel Castro has stated that the 13th Congress, to be held at the end of 1972, will be the arena for greater clarification. But some modification of Cuba's ambitious economic strategy and economic organization appears to be necessary, if the link between socialist consciousness and economic development is to be encouraged, and if the connection between economic development and compulsion is to be reduced. This will also require a greater concordance between ideology and reality. There are indications that the demystification process has already begun as once again *praxis* triumphs over ideology. This new chapter will have much to instruct us about the Cuban transition to socialism.

¹¹ For an account of an alleged plot by S.I.N.A.M.O.S. to divide and conquer the labor movement in Arequipa, see *ibid.*, September 8, 1972, p. 287.

COLOMBIAN APRILS

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in the Colombian political system does not yet go necessarily to those who educate, agitate and organize. Much of it may still go to the grand figures who meet each other in restaurants abroad to avoid the attention of the local press; but these figures are ultimately sustained by the common work of politics, and should be able to convince some people that some problems are soluble.

It is also worth repeating that there is enough sectarian feeling left in the party system to make appeal *à outrance* to old loyalties dangerous. For all the abstention and years of coalition many, many Colombians still know in their hearts whether they are Liberals or Conservatives, and in many localities they might find out soon enough from their neighbors if they are in any doubt. Nor is there any reason why Rojistas would not participate in the sort of local fights that would result if any one party seeks to establish a hegemony beyond the rules.

There are rules. The arrangements for sharing power and office between Liberals and Conservatives, and *de facto* with *Anapistas* as well, are a matter of endless debate and there are many conflicting interpretations about how they are to work after 1974. But it is unlikely, civilian politics surviving, that these wise provisions will disappear rapidly. If they disappear too rapidly, civilian politics may not survive.

There is still a lot of liberty in Colombia. It does not mean much in material terms to most Colombians, which is not to say that it means nothing, or that one sees an attractive local alternative, or that there are not observable advantages as well as disadvantages in Colombian pluralism. The Colombian army is not faced with a political vacuum, a scandalous North American petroleum company and a small number of fat and easily nationalized sugar estates as was the Peruvian army in 1968. It does not have the grandiose geopolitical stage of the Brazilian army, nor the anarchic civilian politics of Brazil in early 1964. It is still an unknown quantity in its own political thinking. Almost all that can be said about it with any certainty is that it is the servant of no party—ANAPO certainly knows that a *golpe militar* would never be carried out on its behalf—and that it enjoys substantial political power already. The Minister of War is not a civilian any more, and probably never will be again. The army command enjoys its own communications system, its own sources of information, has and more or less discreetly makes known its opinions on a great many not very military matters.

If the competition of April, 1974, becomes a discreditable tangle in which public order is threatened,

there will be some sort of military intervention, probably not of the short, surgical and respectful sort. There is no reason to believe that this cannot be avoided. Avoiding it does depend on sensible outcomes of the shadow-play of candidates and candidate-makers, but it depends, too, on sound policies seriously pursued. And no disastrous fall in the world price of coffee.

CENTRAL AMERICA

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foreign aid that "has strings," and to wasteful investment in military hardware. Almost as if to flaunt their common disrespect for OAS, the Central American nations, in a rare instance of agreement, established a new organization, Council for Central American Defense (CONDECA), comprising the military and paramilitary forces of the various countries. (Despite Costa Rica's proud boast that she "has no soldiers," paramilitary forces are numerous and visible throughout the country. Many North Americans forget that Panama, with her vigorous military dictatorship, officially has no armed forces either—although the National Guard controls scattered opposition.)

Central American Independence Day falls on the fifteenth of September; in 1972, in honor of the sesquicentennial of Guatemala's declaration of independence from Spain, "Peace Day" was proclaimed in each of the nations of Central America, as a pledge of solidarity and unity. Unfortunately, solidarity and unity seem at least as remote now as they were on the original independence day, despite a number of episodic moves in that direction over the 150 years.

BOOK REVIEWS

(Continued from page 82)

LATIN AMERICA: NEW WORLD, THIRD WORLD. BY STEPHEN CLISSOLD. (New York: Praeger Publishers, 1972. 365 pages, bibliography and index, \$13.50.)

LATIN AMERICA, SPAIN AND PORTUGAL: AN ANNOTATED BIBLIOGRAPHY OF PAPERBACK BOOKS. COMPILED BY GEORGETTE M. DORN. Hispanic Foundation Bibliographical Series, No. 13. (Washington: Library of Congress, 1972 [paper]. 180 pages, 75¢.)

TRADE AND INDUSTRIALIZATION IN THE CENTRAL AMERICAN COMMON MARKET. THE FIRST DECADE. BY KAREL HOLBIK AND PHILIP L. SWAN. (Austin, Texas: Bureau of Business Research, Graduate School of Business, The University of Texas, 1972. 61 pages, tables and bibliography, \$2.50.) M.M.A.

THE MONTH IN REVIEW

A CURRENT HISTORY chronology covering the most important events of December, 1972, to provide a day-by-day summary of world affairs.

INTERNATIONAL

Arab World

Dec. 12—In Cairo, army chiefs of staff of 18 Arab countries open a 3-day secret session to work out a unified military plan against Israel.

Disarmament

Dec. 21—The U.S. and Soviet chief delegates sign a memorandum establishing a joint 4-man consultative commission to oversee the operation of the arms limitation agreement, signed in May, 1972.

European Economic Community (Common Market)

Dec. 11—6,000 civil servants employed by the E.E.C. administration strike for higher wages.

International Monetary Fund

Dec. 5—It is reported that Rumania has been accepted as a member of the I.M.F., the first member from Communist East Europe.

Middle East Crisis

(See also *Israel*)

Dec. 5—During a debate on the Middle East in the U.N. General Assembly, the U.S. representative George Bush reiterates the American offer to help Israel and Egypt work out a plan for reopening the Suez Canal.

Dec. 8—The U.N. General Assembly approves a resolution, 86-7 with 31 abstentions, asking all nations to refuse to recognize any Israeli changes in Israeli-occupied Arab lands.

Dec. 27—Israeli jets attack a guerrilla base and other positions in Syria to retaliate for small guerrilla raids staged from Syrian territory.

Dec. 29—It is reported that in Bangkok, 4 Palestinian terrorists seized the Israeli Embassy yesterday and captured 6 hostages. They threatened to kill the hostages unless Israel would release 36 Palestinian prisoners. Under a promise of safe conduct, the guerrillas, who call themselves members of the Black September organization, release the hostages and depart for Cairo today.

The 4 Arab guerrillas arrive in Cairo from Thailand, amid strict security precautions.

United Nations

(See also *Intl, Middle East; Chile*)

Dec. 4—Chilean President Salvador Allende Gossens addresses the General Assembly, accusing U.S. agencies, corporations and private banking interests of cutting Chile's lines of credit in response to the nationalization of Kennecott Copper Corporation property without compensation. He accuses the U.S. of following a policy of economic "strangulation" and exploitation.

Dec. 7—The General Assembly passes a resolution condemning the U.S., Portugal and South Africa for trading with Rhodesia in violation of the U.N. embargo of 1968.

Dec. 18—The General Assembly adopts a recommendation that "as soon as practicable," the assessment for the U.S. contribution to the U.N. be reduced from 31.5 per cent to 25 per cent of the U.N.'s budget.

Dec. 19—The 27th annual session of the General Assembly closes following an address by Assembly President Stanislaw Trepczynski of Poland.

War in Indochina

MILITARY RECORD

(See also *U.S., Foreign Policy*)

Dec. 6—Vietcong forces attack Saigon's Tansonnhut air base with at least 25 rockets, the worst attack in 4 years.

Dec. 7—U.S. planes attack Vietcong forces within 10 miles of Tansonnhut airport.

Dec. 11—The governments of New Zealand and Australia announce that by the end of the year, the final withdrawals of all their military personnel will be completed.

Dec. 16—An increased number of U.S. missions against North Vietnam are carried out by B-52 bombers.

Dec. 19—It is reported that beginning at 8:00 P.M. yesterday and continuing through 6:00 A.M. this morning, U.S. bombers have continually attacked the region north and northeast of Hanoi.

The U.S. command acknowledges that U.S. planes are attacking above the 20th parallel for the first time in almost 2 months.

At a press conference, the Hanoi government presents 6 U.S. airmen said to have been captured last

- Dec. 20—*Tass* (Soviet press agency) reports from Hanoi that the U.S. raids are responsible for "heavy civilian casualties" and destruction of "thousands of homes." *Tass* also reports that the Polish vessel, the *Jozef Conrad*, was hit in the port of Haiphong.
- Dec. 22—The White House says President Richard Nixon will continue to bomb North Vietnam until the enemy is willing to resume negotiations "in a spirit of goodwill and in a constructive attitude."
- Dec. 23—The North Vietnamese Vice Minister of Health, Dr. Nguyen Van Tin, shows foreign newsmen the ruins of Bach Mai Hospital, one of the 7 largest in Hanoi. During American bombing last week, 25 doctors, pharmacists, and female and male nurses were killed at the hospital.
- Dec. 24—It is reported that in an interview yesterday, Xuan Thuy, head of the North Vietnamese delegation to the peace talks, declared that his country will not negotiate while the U.S. bombs north of the 20th parallel.
- Dec. 25—It is reported that the U.S. has temporarily halted the bombing raids.
- Dec. 26—The U.S. command reports that bombing attacks have resumed. The command acknowledges the loss of 11 B-52 bombers and 6 fighter-bombers since heavy bombing was resumed.
- Dec. 28—Ending a 9-day silence on U.S. raids, the U.S. military command reports that yesterday American planes hit nearly 3 dozen airfields, rail yards, power plants, supply depots and communication centers. Many areas hit were in Haiphong and Hanoi.
- Dec. 29—The U.S. command announces that another B-52 bomber was shot down near Hanoi yesterday, bringing the total lost to 15, as reported by the U.S. command. Hanoi has reported shooting down 33 B-52's. *The New York Times* reports that an unofficial tally lists 82 airmen as missing or captured. *The New York Times* reports that an Air Force spokesman at Andersen Air Force Base, Guam, where the B-52's are stationed, has described the Hanoi-Haiphong area as having "the greatest air-defense system in history."
- It is reported that a medical specialist in Hanoi has estimated that 2,000 civilians have been killed there since resumption of heavy bombing on December 18.
- Dec. 30—The White House announces that President Nixon has ordered a halt to the bombing of North Vietnam above the 20th parallel.
- Dec. 4—Paris peace talks reopen when Kissinger and Le Duc Tho, a member of North Vietnam's Politburo, confer.
- Dec. 7—South Vietnam's Foreign Minister Tran Van Lam declares that Saigon will do whatever it can to help bring about the release of American prisoners held by North Vietnam. He warns that if the draft agreement now being discussed in private talks in Paris between Tho and Kissinger is not modified a great deal, the Saigon government will find it "very difficult" to sign. The Saigon government wants North Vietnam to agree to remove its troops from South Vietnam.
- Dec. 12—South Vietnamese President Nguyen Van Thieu, speaking before the South Vietnamese legislature, suggests an indefinite truce between North and South Vietnam to begin before the Christmas holiday. He states his objections to 2 issues at the Paris peace talks: the presence of North Vietnamese troops in the South, and the National Council of Reconciliation and Concord, which he fears will become a coalition government containing Communists. He offers to release all North Vietnamese prisoners in exchange for the release of American prisoners held by Hanoi.
- Dec. 13—It is reported that the Kissinger-Tho talks have failed to resolve the impasse over South Vietnam's insistence on its sovereign power over all of South Vietnam. Recognition of South Vietnam's sovereignty would mean that any North Vietnamese troops remaining in the South following a cease-fire would be there illegally.
- Dec. 14—After returning from the Paris peace talks yesterday, Kissinger meets with Nixon.
- Dec. 16—Reporting on his recent negotiations in Paris, Kissinger declares that the U.S. and North Vietnam have been unable to reach "a just and fair agreement" on ending the war in Vietnam. He declares that North Vietnam must take the largest share of the blame for failure to reach an accord. Le Duc Tho, in Moscow en route to Hanoi, confers with Soviet leaders. A statement is issued declaring Soviet support for North Vietnam.
- Dec. 20—In Paris, North Vietnam's delegation issues a statement announcing the suspension of the technical discussions accompanying the Paris peace talks, because of U.S. resumption of heavy bombing of North Vietnam.
- Dec. 21—The Vietcong and North Vietnamese delegates walk out of the Paris peace talks to protest U.S. bombing raids.
- Dec. 30—Kissinger and Tho are scheduled to meet in Paris on January 8, 1973 to resume peace negotiations.

PEACE NEGOTIATIONS

- Dec. 2—President Richard Nixon and his national security adviser, Henry A. Kissinger, confer before Kissinger's departure tomorrow for the Paris peace talks.

ARGENTINA

- Dec. 7—It is announced that former President Juan

D. Perón, who returned after a 17-year exile, will leave to travel in Latin America and to return to his home in Spain for the holidays.

Dec. 14—Perón leaves for Paraguay. A 3-page statement Perón prepared to be read after his departure is made public. The statement thanks the political alliance known as the Justicialist Liberation Front for offering him the presidential nomination, which he rejects. Under the election rules set up by the military government, Perón is ineligible to run.

Dec. 16—The Justicialist party nominates Dr. Hector J. Cámpora to run for President. Cámpora is Perón's choice.

AUSTRALIA

(See also *Intl, War in Indochina*)

Dec. 3—It is reported that in national elections held yesterday, the Australian Labor party led by Gough Whitlam defeated the conservative government of Prime Minister William McMahon. The coalition of Liberal and Country parties had been in power since 1949.

Dec. 5—Immediately after being sworn in, Prime Minister Gough Whitlam, at a news conference, declares that the military draft will be abolished and that Australia will move to set up diplomatic relations with Communist China. He also states that draft evaders will be released from prison.

Dec. 14—Prime Minister Gough Whitlam announces reform of the educational system to permit aborigines to preserve their language and culture.

Dec. 17—Final results of the election are reported. The Labor party has won 67 seats in the 125-member House of Representatives.

Dec. 18—Whitlam names his Cabinet; he will personally head the foreign affairs department.

Dec. 22—The Australian government announces that it has established diplomatic ties with Communist China, and cancelled relations with Nationalist China. It is also announced that Australia and East Germany will exchange embassies.

BELGIUM

Dec. 14—Edmond Leburton, co-president of the Belgian Socialist party, accepts King Baudouin's mandate to try to form a government; Premier Gaston Eyskens resigned last month.

CAMBODIA

Dec. 20—The Cambodian command reports that fighting between government and Communist forces has erupted 12 miles south of Pnompenh.

Dec. 27—It is reported from Pnompenh that the army has paid salaries to nonexistent soldiers because of military corruption.

CHILE

(See also *Intl, U.N.*)

Dec. 5—En route to the Soviet Union, President Salvador Allende Gossens arrives in Algeria to meet with Algerian President Houari Boumedienne.

Dec. 6—Allende, in Moscow, begins a 3-day visit. He confers with Soviet Communist party leader Leonid I. Brezhnev, President Nikolai V. Podgorny, and Premier Aleksei N. Kosygin.

Dec. 8—It is reported by U.S. officials that the U.S. military aid program to Chile, involving a \$10-million credit agreement, will not stop despite U.S. unwillingness to help finance food imports and industrial equipment. On December 4, President Allende, addressing the U.N. General Assembly, accused the U.S. of creating an economic blockade because of Chile's refusal to compensate for the nationalization of the U.S.-owned copper mines.

Dec. 10—In a communiqué issued after Allende's departure, the Soviet Union promises to continue economic and political support for Chile.

Dec. 20—U.S. and Chilean delegates meet to discuss differences stemming from Chilean nationalization of property held by American companies.

It is announced that the Soviet Union has extended a \$30-million credit to Chile for food and cotton.

CHINA, NATIONALIST (Taiwan)

Dec. 23—It is reported that the governing Nationalist party, in elections today, has won nearly all the local and national legislative seats being contested.

CHINA, PEOPLE'S REPUBLIC OF

(See also *Japan*)

Dec. 13—It is reported in *The New York Times* that various sources have disclosed that Premier Chou En-lai has told Japanese leaders that it is possible that China might come to the aid of Japan in the event of a Soviet attack.

CUBA

Dec. 5—It is reported that negotiations are progressing between Cuba and the U.S., conducted through the Swiss government, on drawing up a U.S.-Cuban hijacking pact. The U.S. State Department declares that it has been agreed that the pact should include ships as well as airplanes.

EGYPT

Dec. 3—An Egyptian military delegation returns from Moscow. It is reported that the Russians have not agreed to supply new weapons. The rift in Soviet-Egyptian relations is reported to continue to center around the Soviet refusal to supply offensive weapons to Egypt.

Dec. 4—It is reported that a right-wing, anti-Soviet Air Force plot against the government of President Anwar el-Sadat was uncovered and foiled last month.

Dec. 28—In a speech to Parliament, President Sadat declares that Egypt must be prepared "for the possibility of the outbreak of fighting" with Israel.

FRANCE

Dec. 7—The French government announces major reductions in its value-added tax, which is applied to almost all consumer purchases. To fight the inflationary effect of the move and to compensate for the loss in revenue, the government will sell \$1-billion worth of bonds.

Dec. 13—In Paris, city garbage men, on strike for 7 days, agree to return to work tomorrow.

GERMANY, DEMOCRATIC REPUBLIC OF (East)

Dec. 21—East and West German negotiators sign a 10-article agreement to normalize relations—falling short of full diplomatic ties—between them. The pact must be ratified by their respective Parliaments.

GERMANY, FEDERAL REPUBLIC OF (West)

(See also *German Democratic Republic*)

Dec. 14—Chancellor Willy Brandt is inaugurated for a second term following his election victory last month.

HONDURAS

Dec. 14—Early today, the army ousts President Ramón E. Cruz. The armed forces commander, General Oswald Lopez Arellano, is installed as President for the 5 remaining years of Cruz's term. Cruz is placed under house arrest.

HUNGARY

Dec. 2—After a 5-day visit by Soviet party leader Leonid I. Brezhnev, a communiqué is issued in which Brezhnev expresses support for Hungary's economic reforms.

INDIA

Dec. 7—In a joint statement, the army chiefs of staff of India and Pakistan announce agreement on a new 500-mile cease-fire line in Kashmir.

Dec. 11—Following the redefinition of the cease-fire line in Kashmir, Indian and Pakistani troop withdrawals begin.

Dec. 20—A joint Pakistani-Indian statement announces that their troops have withdrawn from occupied territories.

IRELAND

(See also *United Kingdom, Northern Ireland*)

Dec. 2—It is reported that last night 3 bomb explosions killed 2 persons and injured 126 in the center of Dublin.

The Irish Parliament completes approval of legislation empowering the government to enforce anti-terrorist measures, a measure which had little chance of passing before the Dublin bombings. The bill will allow the government to clamp down on the outlawed Irish Republican army. The militant Provisional wing of the Catholic I.R.A. and the Ulster Defense Association (the militant Protestant group) in Northern Ireland deny responsibility for the bombings.

Dec. 7—A referendum is held on whether the constitution should be amended to eliminate the "special position" of the Catholic Church with its favored status.

Dec. 8—The results of yesterday's referendum are announced. About 85 per cent of the voters approve the repeal of the special status given the Catholic Church under the constitution.

ISRAEL

(See also *Intl, Middle East*)

Dec. 2—In an interview, Foreign Minister Abba Eban states that Jerusalem "is and must remain the capital of Israel alone." However, he offers "special status" to the "holy places of Islam" situated in Jerusalem. Eban urges Jordanian King Hussein to negotiate a peace settlement with Israel. He reiterates Israel's refusal to return to her pre-1967 boundaries.

Dec. 3—The Israeli government approves a \$100-million plan to compensate dispossessed Arabs uprooted by the creation of the Israeli state in 1948.

Dec. 7—It is announced that Israel and South Vietnam have reopened diplomatic ties.

ITALY

Dec. 12—In several cities, left-wing groups, mostly students, demonstrate to protest civil rights violations. At issue is the continuing detention of an anarchist, following the bombing of a Milan Bank 3 years ago. His trial has not yet begun.

JAPAN

(See also *People's Republic of China*)

Dec. 2—*Hsinhua* (Chinese Communist official press agency) reports that the Chinese government supports Japan's claim to 4 of the Kurile Islands annexed by the Soviet Union after World War II.

Dec. 11—Following yesterday's national elections for the 491-member House of Representatives (lower branch of Parliament), it is reported that incom-

plete returns indicate that the Liberal-Democratic party led by Premier Kakuei Tanaka has won a majority, some 282 seats. The Socialist have won 118 seats; the Komeito, 29; the Democratic Socialists, 19; and the Communists, 38.

Premier Tanaka voices his disappointment over the results of the elections, in which the Socialist and Communist parties made strong gains.

Dec. 14—A Japanese official issues a denial of a *New York Times* report that China offered possible aid to Japan in the event of a Soviet attack.

Dec. 22—Parliament formally reelects Tanaka as Premier. He forms a new Cabinet.

KOREA, REPUBLIC OF (South)

Dec. 13—President Chung Hee Park lifts the martial law regulations imposed 2 months ago.

Dec. 15—Elections for the 2,359 delegates to the National Conference of Unification are held. The conference will meet later this month to reelect Park to a new 6-year term.

Dec. 23—Virtually unanimously, the National Conference for Unification reelects President Park to serve for another 6 years under the new constitution.

LAOS

Dec. 11—It is reported that in the last few days a Communist offensive has been staged in the Plaine des Jarres against a government base.

LEBANON

Dec. 8—Palestinian guerrillas and Lebanese forces fire upon each other in southern Lebanon.

MADAGASCAR

Dec. 14—A state of siege is declared in and around the port of Tamatave after 2 days of rioting to protest educational reforms.

Dec. 18—Refugees begin to return to Tamatave.

NEW ZEALAND

(See also *Intl, War in Indochina*)

Dec. 22—It is announced that New Zealand and Communist China have agreed to establish diplomatic relations.

NICARAGUA

Dec. 23—A series of earthquakes destroy much of the capital of Managua, killing at least 18,000 persons and injuring over 300,000.

PAKISTAN

(See also *India*)

Dec. 12—It is reported that Pakistan has imprisoned over 2,000 Bengalis "without charge." The Bengalis have been jailed for allegedly attempting to

leave Pakistan, a move outlawed by the government.

PHILIPPINES

Dec. 7—At a national beautification ceremony, Mrs. Imelda Marcos, wife of Philippine President Ferdinand E. Marcos, is attacked and injured; her assailant is shot to death.

Dec. 20—President Marcos orders the lifting of martial law regulations that would restrict debate on the proposed new constitution and curb discussion in the press.

Dec. 23—Marcos postpones the plebiscite, scheduled for January 15, 1973, on the new constitution, declaring that he wants more time for debate.

Dec. 26—Army officials disclose that fighting between rebels and government forces continues in the South in the Sulu Archipelago, forcing residents to flee their homes.

RHODESIA

Dec. 23—Black African guerrillas fire rockets on a farm near the Mozambique border.

SWITZERLAND

Dec. 3—In a nationwide referendum, Swiss voters approve a free trade treaty with the Common Market.

SYRIA

(See also *Intl, Middle East*)

Dec. 9—Arab diplomatic sources report that Syria has ordered Palestinian guerrillas to halt raids against Israel launched from Syrian soil.

TAIWAN

(See *China, Nationalist*)

THAILAND

(See also *Intl, Middle East*)

Dec. 16—Field Marshal Thanom Kittikachorn announces that he will name a new 20-man Cabinet and appoint a 299-member National Assembly. Martial law will continue to be imposed. Yesterday, a new interim constitution was published, which signalled the end of 13 months of direct military rule under Thanom and a 16-man junta.

Dec. 18—King Phumiphol Aduldet names Field Marshal Thanom Kittikachorn to serve as Premier. For 13 months, an Executive Council has been ruling by decree.

Dec. 19—Premier Thanom announces a 27-member Cabinet.

TUNISIA

Dec. 16—President Habib Bourguiba announces his rejection of a proposal for union with Libya in the

UGANDA

Dec. 18—President Idi Amin orders the seizure of 34 British companies and tea estates.

U.S.S.R.

(See also *Hungary*)

Dec. 10—According to Western officials in Moscow, a confidential Soviet document discloses that Chinese intruders killed 5 Soviet soldiers along the Chinese-Soviet border last month.

Dec. 13—It is reported that *Kommunist* (an authoritative Communist party journal) has published an economic report by Premier Aleksei N. Kosygin; Kosygin discloses that the Soviet rate of economic growth was at its lowest in 10 years in 1972; national income increased by 4 per cent instead of the anticipated 6 per cent.

Dec. 18—Following approval earlier by the Central Committee of the Communist party, the economic plan and the budget are presented to the national legislature at its opening session. The economic plan will curtail consumer goods production, presumably to compensate for the serious crop failure this year.

Dec. 21—Communist party leader Leonid I. Brezhnev, speaking at the Kremlin in celebration of the 50th anniversary of the Soviet Union as a federated state, condemns U.S. bombing of North Vietnam. He cautions that the future course of U.S.-Soviet relations will be contingent on the war's end.

Dec. 28—A decree of the Presidium of the Supreme Soviet is announced, proclaiming amnesty for some prisoners in honor of the Soviet Union's 50th anniversary.

UNITED KINGDOM

Great Britain

Dec. 20—Following talks between a Bahamian delegation and British officials in London, it is announced that Britain will grant independence to the Bahamas in July, 1973, terminating 200 years of rule.

Northern Ireland

Dec. 2—A 32-year-old-Protestant man is found shot to death in Belfast. The British Secretary of State for Ulster, William Whitelaw, announces the establishment of a joint police and army task force to continue to investigate the possibility that such killings are religiously motivated.

Dec. 15—It is announced that during the last 24 hours, terrorists have killed 4 persons.

Dec. 18—The British government initiates an economic aid plan, costing \$36 million, to help reduce North Ireland's high unemployment rate.

Dec. 27—Following the end of the 3-day truce today,

British troops kill 1 gunman and wound another.

Dec. 31—In Belfast, a bus carrying 12 Roman Catholics is flagged down in a Protestant section by gunmen, who wound 4 persons aboard.

UNITED STATES

Agriculture

Dec. 15—At a meeting of the National Farmers Organization, Oren Lee Staley is reelected president.

Civil Rights

Dec. 18—According to a *New York Times* survey, the Office of Federal Contract Compliance, the agency responsible for seeing that companies receiving federal funds hire minority group members, is "practically inoperative" and is receiving no support or direction from the Nixon administration.

Economy

Dec. 1—The Price Commission approves price increases on cars and trucks by the General Motors Corporation and the Ford Motor Company.

Dec. 8—The Labor Department reports that the national unemployment rate dropped in November to 5.2 per cent of the labor force; for the 5 previous months it had stayed at 5.5 per cent.

Dec. 20—President of the AFL-CIO George Meany leads a group of labor leaders who meet with Secretary of the Treasury George P. Shultz to discuss improving the effectiveness of the economic stabilization program.

Dec. 22—The Labor Department reports that consumer prices rose in November. The increase in the Consumer Price Index was .03 per cent on a seasonally adjusted basis.

Dec. 26—It is reported that many large banks throughout the U.S. have increased their prime rate from 5.75 per cent to 6 per cent.

Foreign Policy

(See also *Intl. War in Indochina; Chile*)

Dec. 16—At a news conference, Henry A. Kissinger, presidential adviser, declares that the Paris negotiations with North Vietnam have reached an impasse and that a "just and fair agreement" does not seem imminent.

Dec. 17—The White House announces that General Alexander M. Haig, Jr., Kissinger's deputy, has been sent to Indochina to discuss the deadlock in the Vietnamese peace talks with leaders in Laos, Cambodia, South Vietnam and Thailand.

Dec. 18—White House press Secretary Ronald L. Ziegler announces the resumption of all-out bombing and mining of North Vietnam "until such time as a settlement is arrived at."

Dec. 19—U.S. officials in Saigon report that U.S. bombers resumed heavy attacks last night above the 20th parallel in North Vietnam.

Government

- Dec. 1—White House press secretary Ziegler announces that Secretary of the Treasury George P. Shultz will continue in his post; he will also serve as an assistant to President Richard Nixon, directing a new Cabinet-level Council on Economic Policy.
- Dec. 2—Ziegler announces that Henry A. Kissinger, presidential adviser on national security affairs, will remain on his job in the second Nixon administration. It is also announced that John D. Ehrlichman, assistant to the President for domestic affairs, and H. R. Haldeman, presidential assistant, will continue to serve.
- Dec. 4—Ziegler announces that Ronald Rumsfeld, director of the Cost of Living Council, will be named U.S. Representative to NATO, succeeding David M. Kennedy.
- Dec. 5—Ziegler says the President has named James T. Lynn, Under Secretary of Commerce, to be Secretary of Housing and Urban Development; and that Rogers C. B. Morton will remain as Secretary of the Interior in the new Nixon cabinet.
- Dec. 6—Ziegler announces that Frederick B. Dent, a textile manufacturer, has been appointed Secretary of Commerce, replacing Peter G. Peterson; and that Earl G. Butz will continue to serve as Secretary of Agriculture.
- Dec. 7—Ziegler announces that Claude S. Brinegar, a California oil company executive, has been named Secretary of Transportation to succeed John A. Volpe, who will become Ambassador to Italy.
- Dec. 8—The office of emergency preparedness issues an order suspending for 4 months curbs on imports of home heating oil because of a shortage.
- Ziegler announces that Attorney General Richard F. Kleindienst will remain in the President's Cabinet. He also announces that Robert H. Bork, Yale Law School professor, will succeed Erwin N. Griswold as Solicitor General. Mrs. Jewel Lafontant, a black lawyer and U.S. delegate to the U.N., is named Deputy Solicitor General.
- Dec. 11—Secretary of the Treasury Shultz announces that President Nixon plans to keep wage and price controls in effect in 1973, and will ask Congress to extend the law expiring April 30, 1973. Other anti-inflationary measures include a freeze on hiring by the federal government and on salaries of "executive level" civil service employees, of Congressmen and of the judiciary.

A mistrial is officially declared in the case of Daniel Ellsberg and Anthony J. Russo, Jr., charged with espionage in the theft of the Pentagon Papers. A new jury will be selected to hear the case.

Dec. 12—In an action filed in Federal District Court in Washington against William Ruckelshaus, administrator of the U.S. Environmental Protection Agency, the city of New York sues the federal government for the antipollution funds allotted by Congress. The antipollution bill, passed on October 18, 1972, over the President's veto, allocated \$5 billion in fiscal 1973 and \$6 billion in fiscal 1974 for the use of the states. On November 22, 1972 the President ordered Ruckelshaus to allow \$2 billion in expenditures for fiscal 1973, and \$3 billion for fiscal 1974. The suit charges that the law does not permit administrative discretion in reducing congressional allotments.

Dec. 13—Ziegler announces that James Keogh, a former White House speechwriter, has been named head of the U.S. Information Agency, succeeding Frank J. Shakespeare, Jr.

Dec. 15—It is reported that the President will name John A. Scali, a White House consultant, to replace George Bush as U.S. Representative to the U.N.

President Nixon announces that he will order pay increases for 1.3 million federal civil servants and 2.3 million military personnel, effective January 1.

Dec. 17—It is disclosed that Dallas oilman William P. Clements, Jr., named to be Deputy Secretary of Defense, is involved in a law suit charging cheating and bribery in an oil-drilling deal in Argentina.

Dec. 18—The director of the White House Office of Telecommunications Policy, Clay T. Whitehead, discloses in a speech that the administration has drafted legislation to be introduced in Congress in 1973 that would make local television stations responsible for the content of all their broadcasts, including network programs.

Dec. 20—Ziegler announces that William D. Ruckelshaus will remain as administrator of the Environmental Protection Agency.

The Rev. Philip Berrigan is released from prison after serving 39 months for burning draft board records.

Dec. 21—The White House announces that the chairman of the Atomic Energy Commission, James R. Schlesinger, will succeed Richard Helms as director of the Central Intelligence Agency. Helms will be appointed Ambassador to Iran.

Dec. 22—The White House announces that President Nixon will appoint John N. Irwin 2d, Deputy Secretary of State, to serve as U.S. Ambassador to France.

Dec. 26—President Nixon declares a national day of mourning on December 28, to pay homage to former President Harry S. Truman, who died earlier today.

Labor

Dec. 1—Under the strict supervision of the Department of Labor, the 8-day election opens for the

presidency of the United Mine Workers union. The incumbent, W. A. Boyle, is being challenged by Arnold Miller.

Dec. 8—The last day of the U.M.W. presidential election ends in 24 states.

Dec. 15—It is reported that Arnold R. Miller, backed by a dissident union group known as Miners for Democracy, is leading by 12,000 votes following tabulation of 85 per cent of the union locals by the Labor Department.

Dec. 18—Boyle resigns as president of the U.M.W.

Dec. 20—The Labor Department formally certifies Miller's victory.

Dec. 29—A federal mediator confers with Long Island Railroad officials about the 30-day-old strike.

Dec. 30—According to a well informed White House official, President Nixon has offered to place a union representative at a high level in all departments of the federal government.

Military

Dec. 11—The Defense Department announces that it will hold the Grumman Corporation to its contract to build 48 more F-14 aircraft at the agreed-on price. The company's cost overrun is reportedly more than \$85 million so far. E. Clinton Towl, Grumman's chairman, announces that telegrams have been sent today to subcontractors across the country ordering work stoppages on the project.

Science and Space

Dec. 7—At 12:33 A.M., Apollo 17 is launched successfully, after a 2 hour and 40 minute delay in the scheduled lift-off. On board are 3 astronauts, Captain Eugene A. Cernan, Commander Ronald E. Evans, and Dr. Harrison H. Schmitt, the first American scientist to go into space.

Dec. 11—In the sixth moon landing mission, two astronauts explore the moon's surface.

Dec. 19—Apollo 17 returns to earth in a successful splashdown. The 3 astronauts are recovered and flown to the *U.S.S. Ticonderoga*.

Politics

Dec. 9—Following the resignation earlier of Jean Westwood, chairman of the Democratic National Committee, Robert Strauss, a Texas lawyer, is elected her successor.

Dec. 11—Following a meeting with President Nixon, Senator Robert Dole (R., Kans.) announces that he is resigning as Republican National Chairman. He will be replaced by George Bush, U.S. representative to the U.N.

Press

Dec. 14—It is reported that Los Angeles journalist

William Farr, jailed indefinitely for refusing to reveal the names of 2 attorneys who were the source of an article he wrote on the Charles Manson trial, remains in solitary confinement.

Dec. 19—John F. Lawrence, chief of the Washington bureau of *The Los Angeles Times*, is found in contempt of court for refusing to hand over a tape recording of an interview with one of the key witnesses, Alfred C. Baldwin 3d, to the alleged bugging of the Democratic party headquarters at the Watergate complex in Washington, D.C. He is released pending an appeal.

Dec. 21—With the consent of Baldwin, *The Los Angeles Times* surrenders its taped interview for a private inspection by Chief Judge John J. Sirica of the U.S. district court.

Supreme Court

Dec. 7—The Supreme Court decides that tenants in a housing project may charge their landlords with racial discrimination if the segregated "white ghetto" apartments deprive them of the benefits of interracial living, socially, professionally and businesswise.

Dec. 19—A committee of legal experts headed by Professor Paul A. Freund of Harvard Law School makes public a plan to create a "national court of appeals" composed of 7 judges from the 11 circuits of the U.S. Court of Appeals. The new court would screen all appeals and decide which should be heard by the Supreme Court.

VIETNAM, PEOPLE'S REPUBLIC OF (North)

(See also *Int'l, War in Indochina*)

Dec. 9—In Moscow, Soviet and North Vietnamese delegates sign an agreement for continued Soviet economic and military aid to Hanoi. In addition to promising "large-scale deliveries" for civilian and military needs, the accord also provides for a joint commission to coordinate the rebuilding of North Vietnam's economy.

VIETNAM, REPUBLIC OF (South)

(See also *Int'l, War in Indochina*)

Dec. 28—It is reported that last night, just before the expiration of his special powers to rule by decree, Thieu signed a law that will in effect eliminate all political parties except Thieu's new Democratic party.

ZAMBIA

Dec. 8—President Kenneth Kaunda signs a constitutional amendment, approved recently by Parliament, providing that only one political party, the United National Independence party, is legal.



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